# Equity Research Challenge

hosted by/in

Local Challenge CFA Italy

LKFP Equity Research Team

The following report was prepared in compliance with the Official Rules of the CFA Institute Research Challenge, is submitted by a team of university students as part of this annual educational initiative and should not be considered a professional report.

The CFA Institute Research Challenge is a global competition that tests the equity research and valuation, investment report writing, and presentation skills of university students.

CFA Institute Research Challenge
Initiation of coverage
09th February 2024

# GVS S.p.A

Italy | Industrials

## HOLD

### STOCK DATA

| | |
|---|---|
| Ticker | GVS.MI |
| Exchange | Milan Stock Exchange |
| MKT Cap | € 1.65 B |
| Shares outstanding | 174.6 M |
| 52-Weeks High | € 6.39 |
| 52-Weeks Low | € 4.01 |
| Beta | 0.45 |
| YTD | +13.8% |

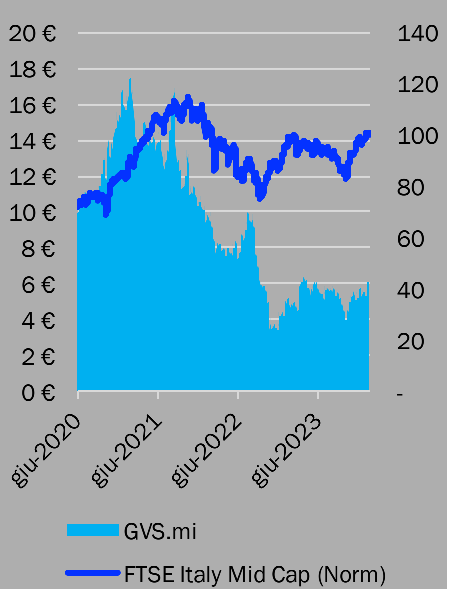
### VALUATION SUMMARY

| | |
|---|---|
| Current price | 6,09 € |
| Target price | 5.63 € |
| Up/down side | -7.6% |
| Dividend yield | 0.0% |

| FINANCIAL RATIOS | F.Y 2023E |
|---|---|
| NFP/EBITDA | 3.8x |
| EBITDA Margin | 22.71% |
| ROI | 14.11% |
| ROIC | 4% |

| STOCK PERFORMANCE | 1 M | 12 M |
|---|---|---|
| Absolute | +11.4% | +18.1% |
| Rel. to FTSE Italy Mid Cap | +9.8% | +17.2% |
| Rel. to FITSE MIB | +8.9% | +4.8% |

GVS.MI performance
Source: Refinitiv




## INVESTMENT SUMMARY

We recommend a HOLD rating with a target price of 5.63€ (-7.6% compared to the share price as of 09.02.24) for GVS stock. Founded in 1979 by Grazia Valentini, GVS operates 19 manufacturing plants and 10 sales points worldwide across three distinct lines: Healthcare & Lifescience, Energy & Mobility, and Health & Safety. Our company analysis focuses on: a) GVS's ability to re-establish clear organic growth post-acquisition through M&A, b) the company's capacity to deleverage its financial structure, c) assess GVS's ESG and evaluate the impacts on the financial performances of the company, and d) utilize DCF and Relative Valuation approach.

**...Catalyzing Future Expansion: sometimes a good story is not enough**

GVS is a company with solid financial performance and the ability to enter new market niches, but it currently needs to adjust certain financial details to facilitate organic growth. The history of GVS can be segmented into three distinct phases:

1. **Pre-Listing**: From 2017 to 2019, GVS experienced sustainable growth across its different divisions. Healthcare & Life Sciences achieved a CAGR of +47.8%, Energy and Mobility demonstrated strong organic growth with a CAGR of +183.0%, and the Health & Safety division, although less developed, achieved a CAGR of +84.6%.

2. **COVID-19 strategies**: Amid the pandemic, GVS listed on the Milan Stock Exchange and capitalized on the opportunity to change strategy, focusing on mask production, which generated revenues of €151 million in 2020-2021. This allowed GVS to enter the personal masks segment. While the core Healthcare & Life Science division remained operationally solid, organic revenues declined, offset by contributions from newly acquired firms Haemotronic (an Italian company with operations in the US) and STT (a Chinese company).

3. **Post-COVID-19 strategy**: Following the pandemic, GVS made three acquisitions in two years, bolstering its strategic capabilities and achieving positive EBITDA. These investments spanned different continents. For FY 2025, we have set a target EBITDA of €122.08 million with an EBITDA Margin of 26.21% (a decrease of 79 bps from GVS guidance), and revenues of €460.6 million.

We view GVS's resourcefulness and foreign investments positively but recognize the current need to streamline structural complications.

**Strategic Deleveraging: A Subtle yet Potent Catalyst for Value Enhancement...**

With a Debt-to-Equity (D/E) ratio increasing from 66.6% in FY 2020 to 156% in FY 2022, the company now faces the need to deleverage its structure. Total debt has risen from €98.4 million in FY 2020 to €515.4 million in FY 2022, with the **PFN/EBITDA ratio** climbing from 0.2x to 5.1x during the same period. Given the significant increase and deterioration in the debt position, GVS must restore a more secure and stable financial footing. An achievable target is set with a projected D/E ratio of 119% for FY 2025 and a PFN/EBITDA target of 1.5x (an increase of 0.2x from GVS guidance).

**...and an ESG analysis under the level...**

The ESG analysis of GVS indicates a **final score of B**, below the industry median, with divisional scores also being low. Despite GVS's prioritization of environmental sustainability and social initiatives, challenges persist in emissions reduction, while governance practices face scrutiny due to low public ownership and potential conflicts of interest with the CEO's majority stake. We utilized a methodology by Schoenmaker and Schramade (2023) to assess social and environmental impacts of GVS and calculate present value considering financial, social, and environmental cash flows, discounting social and environmental values by 2%, with rates accounting for time preferences and growth, yielding an EV of EUR 2.96m and an SV of EUR 0.55m.

**...and no more room after recent run**

The valuation methodology used is a mix between Discounted cash flow and relative valuation (weight of 70:30); and by the rise of the market price in the last 3 months (+15.8%) we think there is no more room, despite the slight upside to the current market price obtained from our valuation (-7.6% with target price of €5.63) to recommend a **HOLD** case. GVS remains a solid company, but one that finds a need to reestablish growth through an organic and deleveraging path.

*Key Financials (Source: Team estimates)*

| | FY 21 | FY 22 | FY 23E | FY 24E | FY 25E |
|---|---|---|---|---|---|
| Revenues | 343,1 | 392,0 | 433,4 | 448,5 | 465,8 |
| EBITDA | 106,3 | 67,4 | 95,4 | 111,0 | 122,1 |
| *EBITDA Margin* | *30,98%* | *17,19%* | *22,02%* | *24,76%* | *26,21%* |
| PFN/EBITDA | 0,9 | 5,1 | 2,8 | 2,1 | 1,5 |
| Net Profit | 67,6 | 24,1 | 30,0 | 50,6 | 59,6 |
| EPS | 0,39 | 0,14 | 0,16 | 0,29 | 0,34 |
| P/E | 14.9x | 52,9x | 10.4x | 12.1x | 10,3x |
| EV/EBITDA | 13,0x | 20,5x | 14,8x | 12,9x | 11,1X |

Exhibit 2: Investment thesis
*Source: Team estimates*

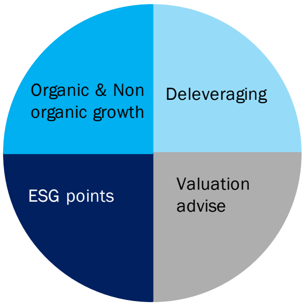



Exhibit 3: Analyst comparison
*Source: Team estimates*

| Analysts' consensus (k€) | | 2023E | 2024E | 2025E |
|---|---|---|---|---|
| Revenues | Team est. | 433,4 | 448,5 | 465,8 |
| | Consensus | 423,3 | 445,1 | 470,1 |
| EBITDA | Team est. | 98,4 | 111,6 | 122,6 |
| | Consensus | 93,2 | 106,9 | 125,1 |
| EPS | Team est. | 0,17 | 0,29 | 0,34 |
| | Consensus | 0,2 | 0,3 | 0,4 |

Exhibit 4: GVS end-markets
*Source: Company data*

| | |
|---|---|
| H&LS | Liquid |
| | Air & Gas |
| | Laboratory |
| E&M | Powertrain & Drivetrain |
| | Safety & Electronics |
| | Sports & Utility |
| H&S | Personal safety |
| | Air safety |

Exhibit 5: Production and Sales Sites
*Source: Company data*

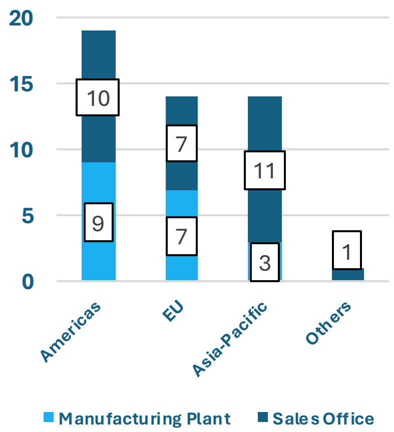
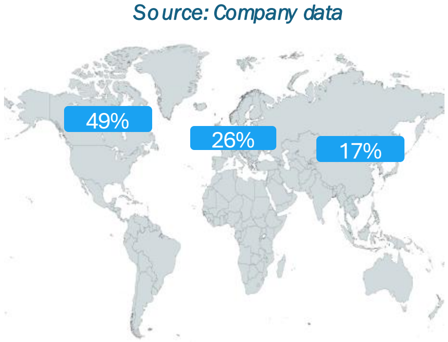



Exhibit 6: Geographic Coverage
*Source: Company data*




**8% in “others”*

## BUSINESS DESCRIPTION

GVS, with over 40 years of history, has been serving the global market with coverage across the Americas, Asia, and the EU through three distinct business lines. Since its establishment in 1979, GVS has expanded to encompass 19 manufacturing plants and 10 sales offices, catering to 4.6k customers in FY23, many of whom have maintained relationships with the company for over 20 years. As a historically renowned Italian industrial brand, GVS capitalized particularly on the opportunities presented by the COVID-19 pandemic following its **IPO in 2020**. Strategy-wise, GVS aims to enhance its brand equity as a trusted provider in safety and critical environments, fostering customer loyalty through its Supplier Code of Conduct. The company strategically focuses on organic growth within its business lines while also expanding its presence through targeted M&A operations. Notably, the profits generated during the COVID-19 period have enabled significant investments in mergers and acquisitions, utilizing available cash reserves. GVS plans to return to normalized levels of operation for the period 2023-2025, facilitating the integration of newly acquired assets in a competitive market environment and advancing product development as a key phase of evolution.

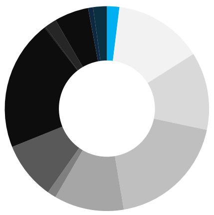
### Business Model

***Segments***: GVS provides three different end-market production by an integrated system. The end-markets are reached by three different business line: a) Healthcare and Lifescience, that provide product that are based on: a.1) Healthcare Liquid a.2) Healthcare Air & Gas a.3) Laboratory; b) Energy and Mobility, composed of a product like: b.1) Powertrain & Drivetrain b.2) Safety & Electronics b.3) Sport & Utility; and finally there is the business line c) Health and Safety: with c.1) Personal Safety c.2) Air Safety. Accordingly, to GVS the weight of every line is: its core Healthcare and Life Sciences – 63.3% of FY22 revenues, Energy and Mobility - 20% of FY22 revenues and Health and Safety – 16.7% of FY22 Revenues. Entering in detail, every business line as their specific characteristics and strategy from GVS; the more cashflow produced during the COVID19 period were used as investment in the business Healthcare & Lifescience and Health & Safety. In 2020 GVS acquire Haemotronics Puerto Rico through an M&A operation to expand their product services and their market coverage, to become a unique player in this line. In 2021 they decide to acquire RPB to develop their Air safety product line, and in 2022 also for Healthcare division they acquire STT – from Chinese market – and Haemotronic – Italian market with operation in US. (1) Healthcare & Lifescience division provides filtration solutions, which can also be done specifically and tailored to the customer. The main application of this product goes from the industrial environment where the client must improve the air quality, to the laboratory where specific analysis and research must be done. In this line, GVS is a best-in-class player. (2) Energy and Mobility division. The main applications of this product are solution versus pollution, electrification, hydrogen, and hydrogen production. The competition of the business line is very high and GVS tries to offer all the set of possible products to the customer, being less specialized but with a greater range of products than its peers. (3) The third division Health and Safety, is divided between personal safety and air safety market, trying to serve single-use masks and reusable masks, and by acquiring of a player like RPB , GVS enter in the premium market of the High Safety solution on respiratory protection. The strategy here is to provide an efficient and comfortable mask solution while preserving the air quality; and to invest meanwhile in R&D to produce new innovative filter products, helping their customers to limit energy consumption and to limit storage space. GVS is also a player that work with B2B (78% of Revenues F.Y 22) and B2C (22% of Revenues in F.Y22). During the covid period there was a shift versus the B2C with a convergence in the EU area market. Net of the COVID19 effect, the division of shares in the end market is very constant with a ratio of 8:2. How we say GVS is also a player that works in more and different continent - US, Asia, and EU. The core of the market for GVS has been developed in the North US area, with a 49% of the share; the subsequent area is Europe, with a share of 26% - but in decrease; and the Asiatic market with 25% of the revenues. To evaluate their providers and the supply chain GVS uses 3 different methods: a) type of purchase, 2) environment impact and 3) purchase quality. The GVS Supplier Code of Conduct helps in two capacities: the choice of local supplier, to reduce logistics cost and to contribute to the local community, and to reduce the risk of the structure and the group. When GVS works with a vendor it wants that vendor to adhere to the code, so that we can be sure that the vendor complies with all the rules and that we can establish a partnership with a bit for common growth and shared goals, economic and otherwise.

***Non-organic strategy:*** The M&A activity is considered as a part of non-organic growth that is part of the strategic decision, with strategic acquisition conducted all over the world and to always expand their core business in the different business line. Since 2009 GVS has conducted 17 different transactions, in countries like the EU, US and the Asiatic area. From quotation in the last 5 years, they conduct 5 different operations, ensuring entry into the Chinese market, the biggest market form dimension in the world that requests high certification. The integration is also horizontal and vertical, leveraging the different firm's acquired best practices to reach cost and revenue synergies.

Historically GVS has always reached the target on synergies cost, has the M&A team of the company has a positive track record on integration of the new company of the group. Started

Exhibit 7: GVS's market share (0,5%)*
*Source: Team estimates*



*These values are not to scale but for graphical presentation

Exhibit 8: Market growth rates
*Source: Team estimates*

| Division | Projection | CAGR |
|---|---|---|
| H&LS | €140 Bln | 4.4% |
| E&M | € 55 Bln* | 6.1% |
| H&S | €110 Bln | 7.4% |

*as a sum of the drivers

Exhibit 9: M&As operations
*Source: Company financials*

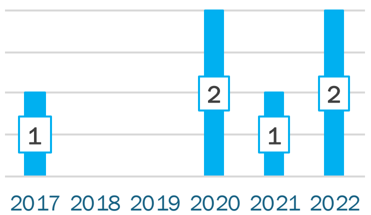
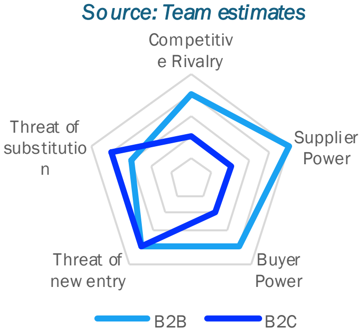



Exhibit 10: SWOAT analysis
*Source: Team estimates*

| Strengths |
|---|
| + strong core division<br>+ high investment<br>+ high quality product<br>+ capacity do change structure |
| **Weaknesses** |
| - High Leverage<br>- Less dimension scale than peers |
| **Opportunities** |
| (+) post M&A integration<br>(+) revenue and cost synergies |
| **Threats** |
| (-) high leverage in the structure<br>(-) M&A integration, particular in CH |

Exhibit 11: Five Porter's forces
*Source: Team estimates*




in 2009 with the acquisitions of 2 different companies in the business line Healthcare & Lifesciences, they begin to expand their business in the continent – Asia, UK, and US predominantly, with the clear objective to: 1) access to adjacent end-markets 2) Access to Know-how, specific capabilities, and technologies. The acquired company will also learn from the know-how and the best practices of the GVS management.

## INDUSTRY OVERVIEW AND COMPETITOR ANALYSIS

### MARKET DYNAMICS

**The industry overview:** More drivers and more events will impact during the period 2023-2025. *A) Healthcare & Lifescience* market, working with laboratories, research, and industrial with filter and specific equipment, we see a positive trend for the future, with a forecasted market dimension for filtration of €140 bln, with a 4.4% CAGR till 2031. The US market is the one where, like in the GVS history, you will see the biggest development and revenue acquisition. *B) Energy & Mobility* has two correlated driver: 1) in the automotive industry EVs are starting to take significant sales shares, with a forecasted sales of EVS for 2025 with a ratio of 1:5 (240 mln of EVs). The market dimension for filters of EVs is projected to €4.7bln for 2032 with a 6.1% CAGR. 2) Producing filters anti-pollution, the target declared by the EU commission plans is to reduce emission of 45% by 2030 with a dimension market of €50.3bln.
*C) Health & Safety*: it is the market that has seen the greatest changes over the F.Y 2020 - 2023. With COVID19 the mask market arrives to the public consumer - as a mandatory requirement induced by governments. The competition for masks is very high with the biggest players of the size of billions dominating the market. In the future, we see an increase and more attention in this market - having no possibility of excluding another pandemic-style event and with a population that is constantly aging, especially in highly developed economies (for ex. the +60y.o persons passed in EU area from 16.5% to 21.5% from 2001-2021, and for 2030 there is a projection of 22.8%) with a clear market trend of greater protection needs of a more vulnerable population. The estimated market dimension of respiratory protection equipment is for 2033 €110 Bln with a 7.4% CAGR.
The new Israeli-Palestinian conflict could hit with different fronts (like Palestine and the Suez Shipping Canal, improving the shipping cost), but we do not think it will interest too much GVS; while the Russian-Ukraine conflict that is persisting over the short-term, resulting in the past in a pumping of energy cost, has currently been avoided by diversifying energy choices.

### COMPETITIVE POSITIONING | COVID-19 effect and change in the industry

***GVS Key points:*** The good and bad about GVS: to illustrate detail and key points about the company we decide to use a **SWOT analysis**. The result could be divided into the classic four different metrics;
*Strengths:* GVS show a core division (aka. Healthcare & Lifescience) that is very strong and solid, also with the advantage due to the M&A operation; this line of high investment contribute to maintain the company competitive *2) Weaknesses*: as a result of the M&A operation conducted during the F.Y 2020-2023, GVS developed an high leverage with possible future difficult to cover the covenants, and also GVS runs the risk of suffering dimensionally if compared to the other peers, that can spend more (on percentage and on absolute value on R&D) *3) Opportunity*: the post M&A operation with the integration is a key competence that GVS management has already demonstrated it has in its hands, the opportunity of revenue synergies and specially of cost synergies, could have a positive impact by raising margins towards the target *4) Threat*: the risk for the future is totally placed in two aspect a) the capacity of GVS to deleverage their structure and to repay the debt created during the COVID19 period, with a market risk around the interest rates that could possibly see a smaller decline than hoped for b) the integration of the new company inside the perimeter could cause greater difficulties than expected, especially in reducing costs and making the structure more efficient, damaging the EBITDA margin above all.
***Competitive Positioning***: GVS find good positioning to start to re-focus on creating value. According to the peer that we elaborate, GVS is suitable to consider as a good company that is below the average of the best practices but is always above the negative situation. In terms of market share, GVS has <1% of the share if compared to bigger players that operate in the market US and Asia-Pacific, but the M&A operation and the non-organic strategy are here also to expand their result and their dominance. In terms of **Porter's Five Forces** reveal that: 1) GVS faces a low threat for the new entrants. The possibility that new peers will enter the market is narrow, for three reasons: a) the capacity to reproduce the same product with the same quality will require years of investment in R&D, operating in the meantime in possible loss b) the competitive rivalry, as shown from GVS often is easier to enter in a new end-market acquisition rather than by selling a product, but you need cash. 2) The threat of substitution is very high here, making their product something very difficult to replace. 3) Customer power is another point of power for GVS, revealing that they can increase their prices during high inflation rate times, and they can change their cost structure if a pandemic situation like COVID19 arrives. The resilience of the the firm is notable. 4) The level of competitive rivalry is very high and is for sure the part was GVS will encounter more problems. Bigger players like 3M, Merck KGaA, and Medtronic have the dominance and biggest market share (>15-20%), and they are helped by the economic scale, possibly them to reduce margins and investing more at the same time. With a 4.8% on average R&D cost, GVS is not a player that uses a lot of its cash flow in Research and Development and/or new

**Exhibit 12: M&A implicit multiples**
*Source: Team estimates*

| € Mln | M&A 2021-2022 | | |
|---|---|---|---|
| | RPB | Heamotronic | STT |
| Purchase Price | 180 | 225 | 55 |
| EBITDA | 25 | 23 | 5.5 |
| **Implicit Multiple** | **7.2x** | **9.8x** | **10.0x** |
| Division | H&S | H&LS | H&LS |
| Year | 2021 | 2022 | 2022 |

**Exhibit 13: MOAT**
*Source: Team estimates*

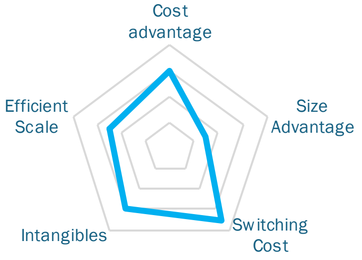



**Exhibit 14: GVS employee's diversity**
*Source: Team estimates, Company data*

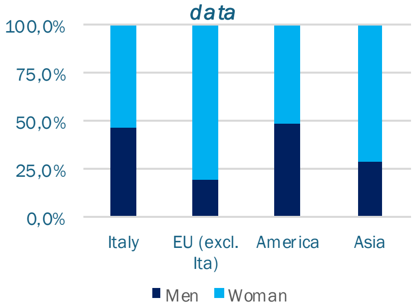



**Exhibit 15: GVS's ESG Rating Compared to Industry Peers**

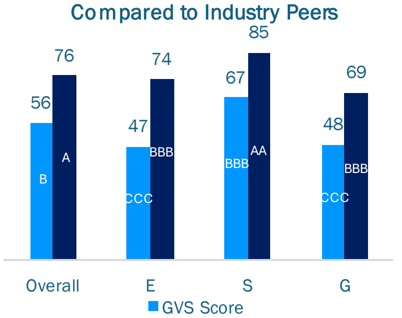



**Exhibit 16: Comparative Analysis of GVS's ESG Performance and Industry Benchmark by Division**
*Source: Team estimates, Refinitiv*

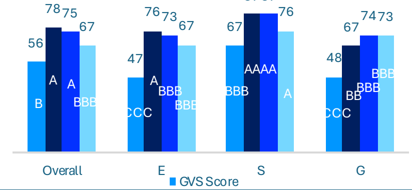
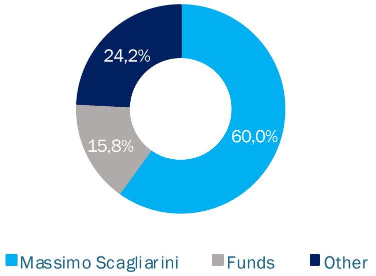



**Exhibit 17: GVS ownership**
*Source: Team estimates, Refinitiv*




product features, if we consider that other players as € 5-15 billion in Revenues and use their 10% of cash flow to R&D. This situation could cause enormous difficult in the future to face the biggest player and to challenge situation of biggest investments. At the last point, their supplier power, which has shown by the pandemic period to be able to negotiate contracts already in place and to revise prices upward where its production chain increases costs, giving it some elasticity and flexibility, and thus configuring it as a possible viable tool to pass price increases back downstream.
Counter evidence for the competitive environment: to challenge this result we also consider the **economic MOAT** that GVS could have. Considering the five variables in the game, we can say that: 1) Switching cost: are very high, above all in their core end-market, Healthcare, and lifescience, where the features of the product are often tailored to the customer. This effect could be used positively from GVS 2) Intangibles: their importants could be high, and could be reflected in the growth rate, driven by the premium price paid for the companies acquired and for new internal development. Conducting an analysis, we show that GVS has the right price and expectation from the market for intangibles (see appendix) 3) Network effect: as a fundamental part of the MOAT, GVS GVS has demonstrated skill in the integrations of previous M&As and the ability to streamline its structure, leveraging new acquisitions to enter niche markets and become essential players in them 4) Cost efficiencies: is for the sector crucial, cutting cost and investing in automated lines for the future. The cost advantage for GVS is decent but always threatened by the biggest competitor which shows the biggest possibility to work on their cost structure 5) Efficient scale is for sure the solution and the way to help the company maintain the distance from the competitors. The capacity to drop down the margin and expand R&D costs to move away from competitors is a key skill that GVS must develop. Now the dimension does not help to compete with the biggest player.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE

The purpose of the ESG analysis is to assess GVS sustainability and evaluate the impacts on the financial performances of the company. We company GVS to its peers to understand its relevant standing in the industry. Subsequently, we examine the potential effects of social and environmental factors on GVS's enterprise value, aiming to derive an integrated valuation that considers these impacts.
Exhibit [15] presents GVS's final score compared to the industry median as determined in our analysis, while Exhibit [16] delves into the scores relative to each division's industry median.
The ultimate ESG rating was determined by computing a weighted average of the environmental, social, and governance grades attained by the company. GVS received a final score of B, which is below the industry median. Notably, GVS's scores are also lower when analyzed at the division level. In the Appendix, we have provided a ranking of GVS compared to its peers, considering both divisional and non-divisional determinations.

### ENVIRONMENTAL - CCC

GVS has stated to prioritize environmental sustainability through goals to reduce emissions, transition to renewables, and implement eco-friendly practices. The company emphasizes waste management and its commitment to lowering its carbon footprint. That being said, GVS grading for **environmental results at CCC**, significantly lower than the industry score of BBB. Factors include increased plastic granule use due to new acquisitions, and high greenhouse gas emissions despite energy-saving efforts like LED lighting. This highlights the need for more effective emission reduction strategies.

### SOCIAL - BBB

The GVS score for Social is above any other score with BBB. GVS prioritizes employee well-being and values diversity and inclusion, aiming to create a workplace culture that embraces individuals from diverse backgrounds to foster innovation and collaboration. The company collaborates with stakeholders to address social issues and drive positive change, while also investing in employee development programs to empower its workforce. Workplace safety is paramount, considering the recorded work-related injuries which were significantly higher during the COVID period, GVS has implemented rigorous safety protocols and measures. The company upholds labor rights and ethical labor standards, promotes fair supplier relations, and is committed to protecting human rights across its operations and supply chain. GVS actively engages with local non-profit organizations such as "Fondazione per Lo Sport", "Canoa Club Bologna", "Sociedade Esportiva Itapirense" and others.

### GOVERNANCE - CCC

The Board ensures shareholder interests and performance oversight while fostering a culture of ethical leadership. GVS maintains high compliance standards and transparency in corporate reporting to aid informed decision-making, promoting social responsibility and sustainable development through stakeholder engagement.
The GVS score is CCC, below the peers considered in our panel. This is due to the general bigger capitalization of other peers and for the company low public ownership (<40%) and voting rights, leaving the CEO Massimo Scagliarini the majority stake. This could cause conflicts of interest in the strategic operation chosen by GVS. GVS has also a low score on the CSR method, due to the low connection between the D.t.D operations and social/environmental connection. Encouragingly, the diversity and the number of independents are strong points for GVS, with 4 independents and a balance of 44%-66% between female-male gender.

Exhibit 18: Historical revenues mix
*Source: Company data*

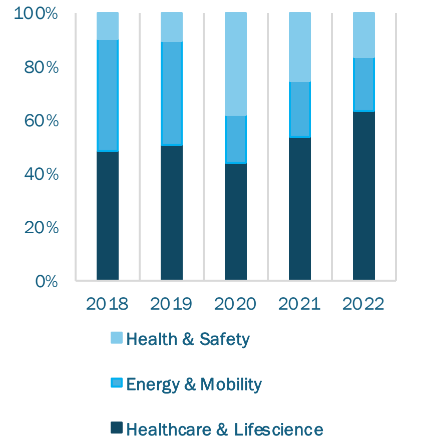



Exhibit 19: New products launch
*Source: GVS's Targets*

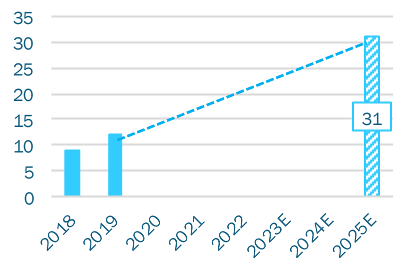



Exhibit 20: Historic R&D/Sales
*Source: GVS's Targets*

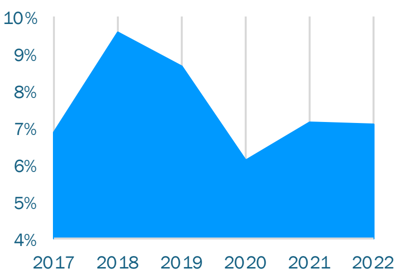



Exhibit 21: R&D as a % of revenues in the industry
*Source: Team estimates*

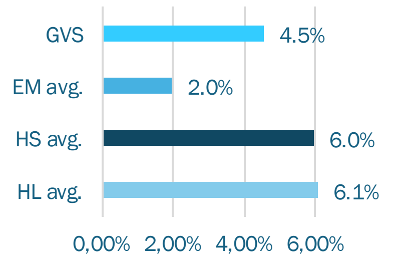
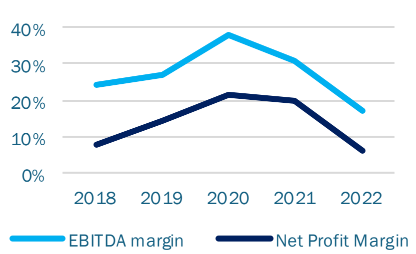



Exhibit 22: Historic EBITDA Margin & Profit Margin
*Source: Team estimates*




### Integrated Valuation

In our valuation report, we've adopted a methodology outlined by Dirk Schoenmaker and Willem Schramade (2023) to assess the social (SV) and environmental (EV) impacts of GVS. We've taken the following steps:

**Materiality Assessment:** Identified important social and environmental factors.

**Quantification:** Measured these factors in specific units (e.g., CO2 emissions in tons).

**Monetization:** Assigned monetary values using shadow prices reflecting resource scarcity or human rights breaches. These shadow prices are increased over time with the inflation rate and adjusted over the projected periods to maintain their accuracy.

**Forecasting:** Projected these monetized impacts over the business plan duration.

We calculate the present value of the company by separately considering financial cash flows, social value flows (discounted by 2%), and environmental value flows (discounted by 2%), aligning with the Integrated Model.

Discount rates for social and environmental values account for time preferences, consumption growth rates, and utility elasticity, typically ranging from 1% to 3%.

In Annex [XX], we provide calculations for environmental and social impacts. For environmental effects, we considered CO2 emissions, waste, and water withdrawal. We applied different growth rates based on GVS's stated goals. For instance, considering GVS's aim to eliminate emissions by 2050, we applied a discount rate of 35% due to uncertainties. Similarly, we applied discount rates of 4% for waste reduction plans and 2% for water consumption reduction.

For social effects, we considered taxes paid (positive impact) and occupational accidents. We applied a 2% discount rate, with taxes projected based on previous estimates. Our analysis yielded an EV of EUR(2,969)k and an SV of EUR(555)k.

## FINANCIAL ANALYSIS

### Profitability – GVS shows solid revenue in core business and expands throughout M&A

**Business Line history**: GVS working on the three different business lines decided to change strategy during the COVID-19 pandemic period. *1)Healthcare & Lifesciences line*: following a growth path in the pre-quotation period with a stable 50.7% of revenue share, encounter in 2022 two acquisitions by M&A process to develop their product mix and to be able to enter the Chinese market. Through the M&A process, their non-organic growth steals energies from the organic growth, which with a CAGR of 10.6% for F.Y. 2017-2021, fell down growing in organic with the covid period at 2.1%. This line of business represents the core of GVS and the most source of value, growing their share from 43.8% in F.Y 2020 to 63.3% in F.Y 2022. This line was also enjoyed from the M&A operation – respectively one in China with the company STT, and one with Haemotronic. *2) Energy and Mobility:* This line holds until 2019 a 38.7% of revenues share, falling due to the COVID19 period to a marginal 15.9% after the 2023E. The loss in this situation is derived from a strategic choice to invest their cash flow prevalently in M&A operations for H&LS and H&S rather than in the expansion of other divisions. In absolute value the revenues fall from €87.8 M in F.Y 2019 to €77.3 M in F.Y 2022, resulting in a loss of 14.3%. The share loss in this division is entirely compensated in absolute value by the next business line. We are also convinced about the strategic shift from GVS versus the Health & Safety line, due to the high competition and difficulty being competitive in the automotive and energy industry. *3) Health & Safety:* the business line finds investment for the period 2020-2023, incorporating 1 M&A operation – RPB with special mask equipment – and the additional organic growth of €151 M due to the COVID19 mask. The conversion of the structure to the pandemic situation happens with the hire of >800 employees with fixed-term contracts, resulting in a CAGR on the revenues for the F.Y 2020-2022 of 28.9%, with an increase of the EBITDA Margin of +11,03% (from 26.86% to 37.89%) and with a Profit Margin for the period of 20.5% on average. The cash flow earned from the COVID19 situation was invested in strategic acquisition to develop market presence, probably considered by the management to be strategically more fruitful to follow the mask market more carefully – also generic and for specific work situations. The capacity of the company to enter on both feet in these end markets could be crucial for their future, given the highly competitive intensity of the mask product. However, we saw a decrease in organic revenues of -25.5% at the F.Y 2022 compared to F.Y 2020. This negative effect, has in the business line 1), is compensated by the new RPB, creating value for the division, and selling mask products for special situations; in detail, the non-organic growth finds a CAGR for the F.Y 2021-2023 of 51.3%. In aggregate, from the F.Y 2020 to F.Y 2022, there is a CAGR of 2.22%, passing in absolute total value from €363 m to €387 m. After this result, we see the company as overall safe and solid, but with the necessity though to integrate the acquired companies and to restore the growth on the organic side, with a focus on integration and the creation of value.

**Research & Development:** Historically the R&D division of GVS has elaborated new products to launch with innovative solutions and new features. The power of the division consists of the capacity of the FTE to find new applications with product improvements. Historically the ratio *R&D/Sales* from F.Y17 to F.Y22 see two different moments: 1°) a decrease from 9.5% in F.Y 2018 till 6.1% in F.Y 2020 2°) post quotation a target and an achievement of 7% (F.Y 2022).

**Exhibit 23: Historic debt evolution (k€)**
*Source: Team estimate*

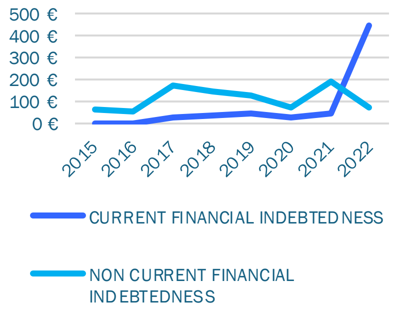



**Exhibit 24: ROIC return**
*Source: Team estimate*

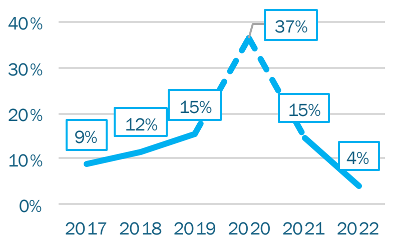



**Exhibit 25: ROIC vs WACC estimates**
*Source: Team estimate*

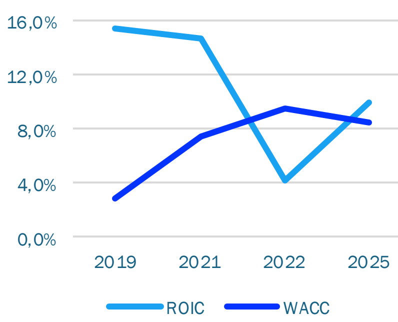



**Exhibit 26: Company vs Teams 2024-2025CAGRs**
*Source: Team estimates; GVS 23-25 Fin. Targets*

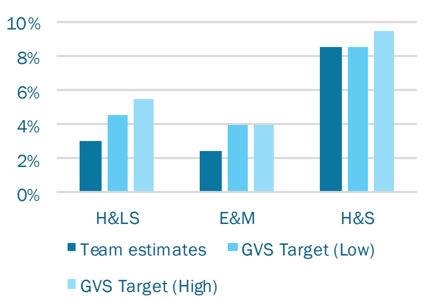
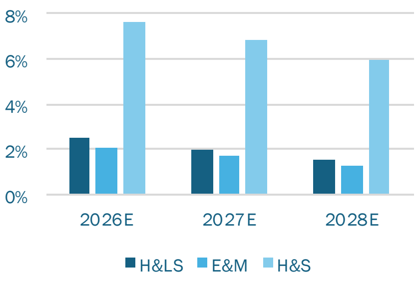



**Exhibit 27: 2026-2028 Rev. Growth rates**
*Source: Team estimate*




But in absolute terms the number of products launched is increasing, passing from 9-12 in F.Y 2019 to 31 expected for F.Y 2024-2025. The strategy of GVS consists of the penetration of new niches with best-in-class products, based on strong rationale. What we see as a problem - or rather as a point of weakness – is the dimensional relationship with peers. As we said before in competitive positioning– see pg. 4 - if compared with them, their ability to produce innovations could be not sufficient to compete, in addition to the greater possibility of those who are larger to increase, in absolute value, their R&D spending. On average the top competitor of GVS uses 9.11% (F.Y 2023) of their resources in R&D, resulting in a -50% for GVS. However, the improvement in the number of products launched must be seen in terms of self-comparison with the past in a positive way.

## EBITDA and EBITDA Margins (Exhibit 32)

**2023:** For FY 2023, we expect an EBITDA of €95.4M and an EBITDA Margin of 22.02%, above analysts' consensus of +€2.18 million (Source: Refinitiv). We are quite confident about the EBITDA result, also thanks to the confirmation of targets provided by the company in mid-December 2023, which projected an Adj EBITDA ranging between €95-105 million. The EBITDA Margin therefore shows an increase of 4.82% compared to 2022, while we anticipate the EBITDA margin to grow by +28,3% YoY. This margin result has been made possible by the significant revenue growth in the H&LS and H&S divisions (respectively, +17.37% YoY and +9.44% YoY). Additionally, regarding costs, we observed an overall increase in OPEX of +4.10% compared to 2022. This increase in the EBITDA margin has been facilitated by the company's ability to mitigate the impact of each cost item in relation to total revenues, demonstrating GVS's efficiency, particularly in Purchases and Consumptions where we see a cost efficiency improvement of -7.95% YoY. However, the growth in margin has been constrained by the impact and revenues' contraction experienced by the Energy & Mobility division, amounting to approximately -12.07% YoY.

**NFP and NWC:** 1)*NFP:* The company maintains a stable cash generation capability, allowing it over time to reduce long-term debts in line with the leverage ratio target for F.Y 2025. Additionally, it can finance part of the operational cycle management through short-term debt without raising the cost of debt. Hence, aligning with the management's guidance, we remain somewhat more conservative than the target due to the total long-term indebtedness (NFP at F.Y 2023 in line and at F.Y 2025 -5.9% from guidance), though we believe the deleveraging policy will arrive to a 1.5x leverage ratio. The adjusted NPF born from and adjustment related to the IFRS16, that have been applied from us as reported by the group; therefore, this item has been excluded from the calculation and is attributable to a loan generated between internally related parties within the group.

*2)* NWC: As of F.Y 2022, the NWC reached its peak (€121.9 M) consequent from the increase in inventories. GVS has in the COVID19 period also implemented a recontractualization policy, with increase for receivables turnover (c.a +10 days) and payables turnover (c.a +20 days), so that GVS to keep their collection cycle stable. Going forward we expect, in confromity with GVS's stated guidance, a decrease in inventories (F.Y 2022-2025 -6.4%) and a tendency to stabilize NWC at levels of €110-111 M, so that it will allow the company the operation of efficiencies due to the integrations of new acquisitions. the benefits this brings are to: a) the collection:payment ratio, which until F.Y 2022 has worsened, will see a positive trend for the future, so as to stabilize the company-from 0.51 F.Y 2023 to a 0.58 F.Y 2025 b) the lower inventory will then allow GVS to increase their inventory turn-over, to which will correspond more working capital.

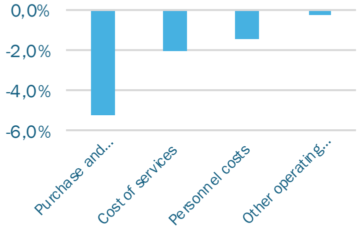
## Capital management– GVS stopped its M&A operation and plans to re-enter into leverage

**Debt plan for the future:** the objective of the company is to deleverage the structure and to arrive at a 1.2x of leverage ratio, is driven by cash generation, working capital control and debt repayment. With a current D/E ratio of 157% (30/09/23), GVS finds itself with excess debt-accumulated with €535 million as of F.Y 2023. The dynamics of debt saw its increase between F.Y 2020 and F.Y 2021 - up 121% to support M&A - and we expect for the future that the company will be not be able to meet the target of a leverage ratio of 1.2x-1.3x, but instead a NFP/EBITDA ratio for F.Y 2025 at 1.5x. The drivers of our misguidance are: a) less capacity to reach an EBITDA of €125 Mln (team target: €122 M) b) excess of leverage

**Dividend Payout:** after a period of paying off dividends – F.Y 2017-2021 – with a median of payment of 34%, for F.Y 2022 the company decided not to pay any dividend. For 2023E we think there will be no dividend payments, and these politics of no payout will go on till 2025E. The cause of a such compelling choice derives from the high resources used for investment in the M&A operation during the COVID19 period and from the financing choice of the company, leveraging their structure and need now of resources for debt repayment.

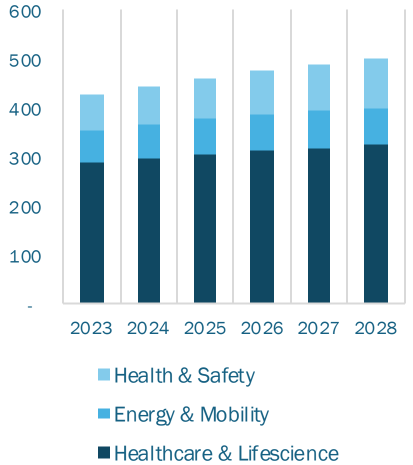
**Value creation and ROIC:** for the firm, in particular, example during the pre-pandemic period of F.Y 2017-2019, with an average ROIC of 12%, the company for every 1€ invested generated 1.12€ (WACC to 2019 2.7%) - and given a ROIC>WACC the company results in healthy growth. Regarding the period following the advent of the pandemic, investments

Exhibit 28: 2022-2025E Efficiency
*Source: Team estimates*




initially stalled while margins grew significantly due to the reconversion of the production structure, which led in general in F.Y 2020 to an explosion of ROIC (+22% between 2019 and 2020) and then stabilized again in the following year. The last measurement of F.Y 2022 turns out to be the one to keep a closer eye on - the internal dynamic turns out to be one of a margin returned to pre-pandemic levels, with particularly high invested capital (nb. acquisition from M&A of STT and Haemotronic with registration of €267 M more intangibles – leveraging the capital invested - the ROIC was found to decrease abruptly to 4%. Given the presence of a WACC of 9.5% max (according to the most conservative approach), we can say that the company is currently not creating value. For F.Y 2025 by the maintenance of a constant cost of capital and an increase in the EBIT (that will lead to a higher NOPAT), GVS will arrive at 9,9% of ROIC and returning to create organic value.

Exhibit 29: Revenues forecast (€M)
*Source: Team estimate*




## Future growth assumption: Revenues (Exhibit 29)

Regarding the Energy & Mobility division, the company is also experiencing a downward trend in revenues, decreasing from €88.3 M in 2019 to €68.0 M in 2023, resulting in a CAGR of -6.3% for this period. The only division that has managed to achieve growth prospects even without the M&A and Covid factors is the Healthcare & Life Sciences division, transitioning from €101.5 M in revenues in 2018 to €153.0 M in revenues in 2023. Given these analyses, we anticipate a lower trend in revenue growth from contracts with customers compared to the guidance provided by the company (Exhibit 26). We assume a CAGR for the period 2023-2025 of 3.9%, as opposed to the company's stated 4.5%. For the 2026-2028 period, we align our forecasts with industry reviews for each market. We anticipate a CAGR of +2.0% for H&LS (*source: Fortune business insight*), 1.65% for E&M (*Source: Gran view research*), and 6.83% for the H&S division (*source: Fact.RM)*. For the period 2026-2028, we expect an alignment with growth rates (Exhibit 27). We assume that the CAGRs of each division will align with the long-term growth rates of their respective industries. The company's revenue growth will be driven by several factors across its divisions. In the Healthcare & Life Sciences division, the focus will be on launching new products and leveraging synergies with acquired companies like HT and STT.

The Health & Safety division seeks to establish itself in the Powered Air-Purifying Respirators (PAPR) niche, following the acquisition of RPB, known for its leadership in this area. This division boasts the highest Compound Annual Growth Rate due to developments like a full-face mask, positioning the company as a leader in another niche. Leveraging synergies between the two companies, particularly in cost efficiencies, is a key driver. The Energy & Mobility division presents challenges, requiring new developments for electric vehicle filters. Given the potentially lengthy development timelines, this division represents the most uncertainty for the company. All mentioned targets will be monitored, evaluating the company's ability to achieve them.

Exhibit 30: EBITDA bridge (€M)
*Source: Team estimate*

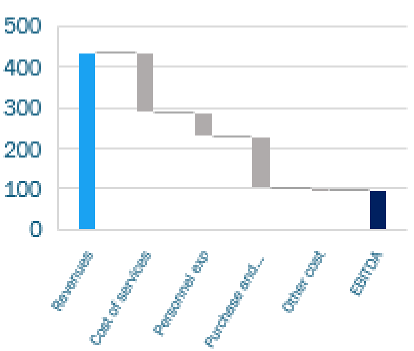
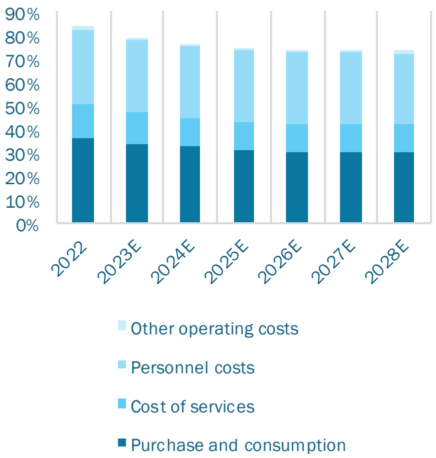



Exhibit 31: 2023-2028 Opex/Rev. contracts with costumers (€M)
*Source: Team estimate*




## Future growth assumptions: Expenditures (Exhibit 31-32)

**Purchase and consumption:** We assume the 2023 purchase and consumption costs to be in proportion to the value of organic revenues at the end of Q3 2023 (33.7%). For the other periods, we forecast an increase in efficiency by the end of 2025 in a range between 1.6% and 2.9%, due to inflation adjustments and manufacturing efficiency costs savings. By the end of 2025, we estimate a percentage of these costs on organic revenues to be 31.2%, very close to pre-COVID and pre-conflict levels. We don't immediately reach 29.9%, which is the lower value due to macroeconomic uncertainty. We want to have a buffer to observe geopolitical evolution concerning both raw material and energy prices. In the long run, we expect to reach 29.6% levels.

In terms of **service costs**, energy expenses have experienced significant fluctuations, primarily due to the recent Ukrainian conflict. However, current data suggests a downward trend in energy prices. Analysis indicates a strong correlation between American energy prices and GVS, with a correlation coefficient of 0.98. Based on Statista data and assuming consistent kWh consumption comparable to that of 2023 in relation to revenues, we anticipate a decrease in energy costs in the American market. The projected 2023-2030 Compound Annual Growth Rate for American energy prices is -2.9%. Consequently, this decrease in energy costs could potentially enhance the company's margins. Forecasted service costs are determined by averaging percentages relative to revenues from 2018 to 2022, while accounting for biases stemming from the COVID-19 pandemic and merger and acquisition activities. This approach is adopted due to the lack of historical fluctuations in these values.

**Personnel costs** have been estimated based on each employee's revenue contribution from contracts with customers. We expects costs per employee to rise from €22.330 to €22.800 by 2028, reflecting a projected 2.1% increase in wage costs by the end of 2028 in the US (Source: Statista). Despite this, efficiency measures, including automation systems, are anticipated to enhance individual employee contributions to revenue. Consequently, we foresee revenue per employee increasing from €70,050 in September 2023 to €76,950 by the end of 2028, with a Compound Annual Growth Rate (CAGR) of 1.6% from 2022 to 2028.

Exhibit 32: Revenues & Personnel Costs per Employee
*Source: Team estimate*

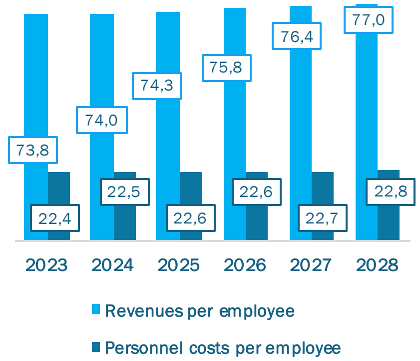



Exhibit 33: 2023-2028 EBITDA & EBITDA Margin (€M & %)
*Source: Team estimate*

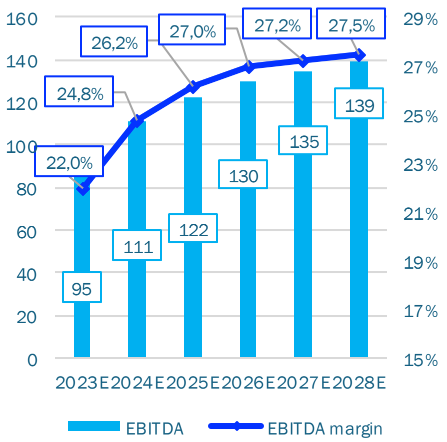



Exhibit 34: DCF Equity bridge (€M)
*Source: Team estimate*

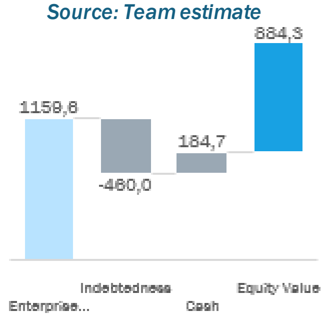
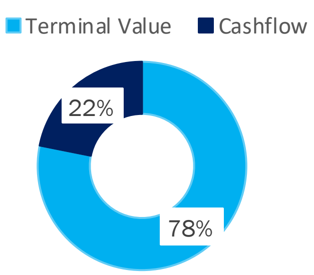



Exhibit 35: DCF explanation
*Source: Team estimate*

| DCF METHOD | Base stage | Terminal Value |
|---|---|---|
| Years | 23E-28E | >2028E |
| Sales CAGR | 3,20% | 2,50% |
| Average EBIT | 18,70% | 21,90% |

Exhibit 36: Weight inside DCF
*Source: Team estimate*




## EBITDA and EBITDA Margins – (Exhibit 33)

**2023:** For FY 2023, we expect an EBITDA of €95.4M and an EBITDA Margin of 22.02%, above analysts' consensus of +€2.18 million (Source: Refinitiv). We are quite confident about the EBITDA result, also thanks to the confirmation of targets provided by the company in mid-December 2023, which projected an Adj EBITDA ranging between €95-105 million. The EBITDA Margin therefore shows an increase of 4.82% compared to 2022, while we anticipate the EBITDA margin to grow by +28,3% YoY. This margin result has been made possible by the significant revenue growth in the H&LS and H&S divisions (respectively, +17.37% YoY and +9.44% YoY). Additionally, regarding costs, we observed an overall increase in OPEX of +4.10% compared to 2022. This increase in the EBITDA margin has been facilitated by the company's ability to mitigate the impact of each cost item in relation to total revenues, demonstrating GVS's efficiency, particularly in Purchases and Consumptions where we see a cost efficiency improvement of -7.95% YoY. However, the growth in margin has been constrained by the impact and revenues' contraction experienced by the Energy & Mobility division, amounting to approximately -12.07% YoY.

**2024-2025:** For FY 2024 and 2025, we expect an increase in the EBITDA Margin of +2.86% and +1.45% YoY, respectively, mainly due to the decrease in revenue growth rates in the Healthcare Life & Science and Health & Safety divisions. These divisions are unable to maintain a YoY growth rate similar to that recorded in 2023, with growth rates of approximately +3.00% YoY and +8.5% YoY for both 2024 and 2025, slightly below the targets provided by the company for the same period (Exhibit 24: 2024-2025 Company vs Team Estimates). Marginality continues to grow during the period, reaching an EBITDA Margin of 26.21% by the end of FY 2025. Our estimates are in line with analyst consensus for the same year, which stands at around 26.60% EBITDA Margin. However, our projections for 2025 remain below the adjusted EBITDA margin targets set by the company, expected to be between 27% and 28%. Regarding the E&M division, we expect and believe in the company's estimates for the period, applying a buffer of -1.5% in the CAGR for the period 2024-2025 due to the division's previous negative performances. Therefore, we expect the EBITDA to be €106.968 million in 2024 (+2.16% YoY) and €125.075M in 2025 (+1.45% YoY).

**2026-2028:** For the period 2026-2028, we expect an alignment with growth rates. We assume that the CAGRs of each division will align with the long-term growth rates of their respective industries. Given the assumptions made, we calculate the EBITDA for the period 2026-2028 to be respectively: €129.95M in 2026 (with an EBITDA margin of 26.99%); €133.9M in 2027 (with an EBITDA margin of 27.22%); €139.17M in 2028 (with an EBITDA margin of 27.45%). Given that all sectors in which the company operates have positive growth rates, we are confident in these figures, albeit using conservative estimates.

## VALUATION

**Valuation:** We establish our recommendation by the mix of the DCF method and the multiple method based on our panel of peers. The weight assigned to the each methodology is 70% for the DCF and 30% to the multiple methods – due to the possibility of more distortion intrinsic by the multiple consideration.

| **WACC Calculation** | | | **Comment (Source)** |
|---|---|---|---|
| Risk Free Rate | 2,8% | a | 30y government bond of Germany – (Refinitiv) |
| Equity Risk Premium | 6,4% | b | Equity risk premium for Italy (Damodaran) |
| Unlevered Beta | 0,50 | c | Refined through analysis of peer group data, the 40th percentile (minimum value), median (mid value), and 60th percentile (maximum value) are weighted accordingly for each division of GVS (Refinitiv). |
| Debt/Market Capitalization | 36% | d | Refined through analysis of peer group data, the 40th percentile (minimum value), median (mid value), and 60th percentile (maximum value) are weighted accordingly for each division of GVS (Refinitiv). |
| Corporate Tax Rate | 24% | E | Italian corporate tax rate as of 2023. |
| Re-Levereaged Beta Coefficient | 0,64 | f | Recalculated using the formula: Beta (Relevered) = Beta (Unlevered) * (1 + Debt / Market Capitalization). |
| Country Risk Premium | 1,4% | g | Country risk premium of Italy (Damodaran). |
| Size Risk Premium | 1,7% | h | Size risk premium for mid-cap companies (Duff & Phelps). |
| Cost of Equity | 10,0% | $c_e$ | = a + b * f + g + h |
| Corporate/Credit Spread | 0,9% | i | Adjusted based on the median yield rating of peer companies, accounting for the risk-free rate, represented by the implied yield on the 30-year government bond of Germany (Refinitiv). |
| Country Default Spread | 2,4% | j | Country default spread of Italy (Damodaran). |
| Corporate Tax Rate | 24,0% | k | Italian corporate tax rate as of 2023. |
| Cost of Debt | 4,5% | $c_d$ | = (i + a + j)*(1 - k) |
| Equity Ratio | 73,4% | l | Equity Ratio derived from peer group data, the 40th percentile (minimum value), median (mid value), and 60th percentile (maximum value) are weighted accordingly for each division of GVS (Refinitiv). |
| Debt Ratio | 26,6% | m | Debt Ratio derived from peer group data, the 40th percentile (minimum value), median (mid value), and 60th percentile (maximum value) are weighted accordingly for each division of GVS (Refinitiv). |
| **Weighted Average Cost of Capital** | **8,6%** | | **= $c_e$ * l + $c_d$ * m** |

Exhibit 37: EV/Revenue
*Source: Team estimate*

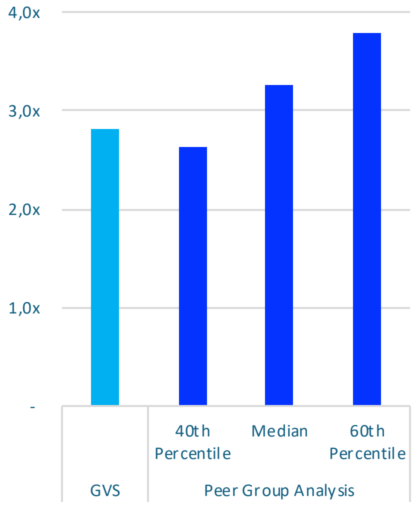



Exhibit 38: EV/EBITDA
*Source: Team estimate*

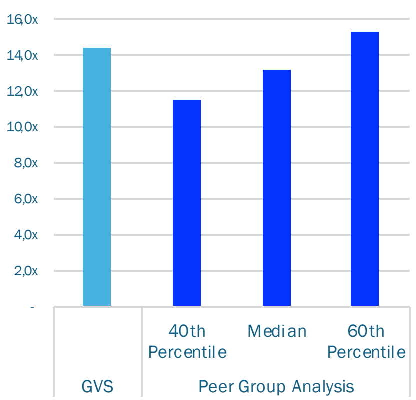
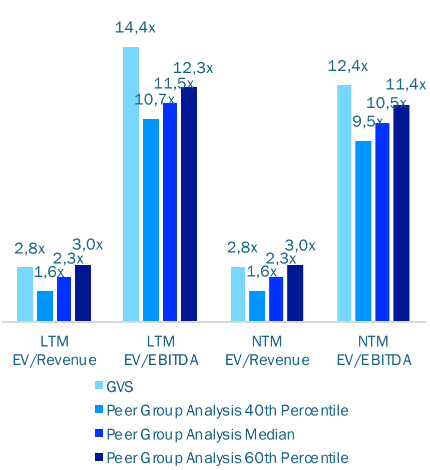



Exhibit 39: Valuation matrix
*Source: Team estimate*

| € | Min | Current | Max |
|---|---|---|---|
| Current Price | | 6,1 | |
| DCF Price | 5,4 | 5,5 | 5,7 |
| EV/EBITDA | 4,8 | 5,7 | 6,4 |
| Recommendation | 5,4 | 5,5 | 5,7 |

Exhibit 40: GVS and peer group multiples
*Source: Refinitiv, Team estimates*




**DCF:** The DCF method is considered appropriate for evaluating GVS due to its emphasis on assigning the most significant role to cash flows within the framework of the Group's future strategy, aimed at avoiding expansion through M&A operations. A) *Methodology:* for **CAPEX and D&A**: we assume to maintain existing infrastructure due to the absence of M&A-related expansion goals. Total D&A decreases over time as the overall amortization rate declines without new acquisitions. In the FCFF calculation, Capex and D&A are balanced to reflect the company's commitment to sustaining and fostering synergies over time. For **ΔNWC** is based on the variation in forecasted NWC across the years. It incorporates Accounts Receivables, Inventories net of Accounts Payable, which was determined using the turnover in days.
*B) Assumption:* under our DCF method we decide to use **a 5-year projections**, with a **WACC of 8.6%** and a final **growth rate at 2.5%**, due to the lower period considered, with a terminal value calculated by a Gordon growth methodology.
The DCF model resulted in a valuation of €5.6 per share, with a downside of 1.6%. Throughout the forecasted period from 2023 to 2028, key metrics such as EBIT, D&A, Capex, and Changes in NWC were taken into account to determine free cash flow to equity (FCFF) figures. These determinants exhibited a consistent increase, reflecting the company's efficient profit generation capabilities. The resulting Equity Value amounted to **€977.6M** on the valuation date, indicating a calculated downside potential of 8.6% compared to the value of €1,062.2M as of February 9, 2024.
Given a WACC of 8.6%, the analysis suggests a **HOLD** recommendation, implying that the stock is reasonably valued at the current **price per share of €5.6**.

| Ticker | Company Name | TEV/ Forward revenues | TEV/ Forward EBITDA | TEV/ Forward EBIT | Forward P/BV | Price/Earnings |
|---|---|---|---|---|---|---|
| **Healthcare & Life Sciences** | | | | | | |
| MRCG.DE | Merck KGaA | 3,7x | 13,0x | 17,6x | 2,4x | 17,9x |
| STE | STERIS plc | 4,5x | 15,5x | 20,5x | 3,4x | 25,1x |
| RMD | Resmed Inc | 5,0x | 15,8x | 17,6x | 4,4x | 21,2x |
| MDT | Medtronic PLC | 3,8x | 13,3x | 14,9x | 2,0x | 15,3x |
| 3407.T | Asahi Kasei Corp | 0,8x | 7,2x | - | 0,8x | 14,4x |
| BDX | Becton Dickinson and Co | 4,7x | 16,6x | 19,9x | 3,0x | 21,2x |
| ICUI.O | ICU Medical Inc | 1,9x | 11,0x | 14,4x | - | 18,1x |
| BAX | Baxter International Inc | 2,3x | 11,5x | 16,2x | 2,3x | 14,7x |
| **Health & Safety** | | | | | | |
| MMM | 3M Co | 2,0x | 7,9x | 10,1x | 5,1x | 10,5x |
| HON.O | Honeywell International Inc | 3,7x | 14,5x | 16,6x | 7,1x | 20,2x |
| AVON.L | Avon Protection PLC | 1,2x | 10,2x | 26,3x | - | 40,9x |
| **Energy & Mobility** | | | | | | |
| ATMU.K | Atmus Filtration Technologies I | 1,4x | 7,8x | 9,0x | - | 9,6x |
| DCI | Donaldson Company Inc | 2,1x | 12,1x | 14,3x | - | 18,7x |
| **GVS.MI** | **GVS SpA** | **2,8x** | **12,4x** | **18,6x** | **2,5x** | **26,3x** |

**Relative Valuation:** Besides the DCF valuation, we employed the relative valuation approach, which yielded an implied price of EUR 5,73, representing a 6% premium over EUR 6,095. To ensure an accurate analysis, we conducted a peer group analysis using the Guideline Listed Companies (GLC) system, similar to our methodology for determining the beta and capital structure for the WACC.
Our peer group analysis was structured around GVS's three primary divisions: Healthcare and Life Sciences, (67% of total revenues), Health and Safety (17%), and Energy and Mobility (16%). Given the limited availability of directly comparable peers to GVS's complete operation, we determined our peer selection based on these divisions to enhance the relevance and accuracy of our analysis.
Similarly, in our WACC estimation, we applied quantitative filters to identify and exclude outliers, maintaining consistency with the peer group selection for the market approach as well. This approach ensures alignment between our WACC analysis and the relative valuation, enhancing the reliability of our valuation framework.
In exhibit 40 the resulting multiples from the peer group are demonstrated compared to the multiples of GVS. We note that for both Last Twelve Months (LTM) and Net Twelve Molnths (NTM) EV/EBITDA multiples, GVS appears to perform above the comparable companies, as a consequence of higher projected growth.
We utilize the NTM EV/EBITDA for the relative valuation, applying our determined mid multiples into the projected NTM EBITDA figure of EUR 113m yielding an implied share price of EUR 5,73. The forward EV/EBITDA multiples is preferred over the other determined multiples because EBITDA is reliable cash flow indicator, unaffected by variations in accounting practices, considering that GVS operates in many international countries. Forward figures are better aligned with valuation focus on future cash flows. Lastly, considering that the GVS is currently restructuring, we consider the utilization of EV/EBITDA as more appropriate rather than the utilization of a more sensitive equity multiple.
However, upon further analysis of the positioning of GVS by analyzing the FWD P/E and FWD EV/EBIT multiple for the last two years. GVS trades at a FWD P/E ratio of 26.3x, offering approximately a 71.4% premium compared to the industry median, and a FWD EV/EBIT multiple of 18.3x, offering approximately a 17,33% premium. Based on this, we do anticipate GVS to improve its position during the post-covid restructuring. This indicates that the market may not fully recognize GVS's enhanced business quality and operating environment compared to its global competitors.

## Exhibit 41: Likelihood-impact matrix
*Source: Company and team estimates*

| IMPACT \ LIKELIHOOD | RARE | UNLIKELY | POSSIBLE | LIKELY | ALMOST CERTAIN |
|---|---|---|---|---|---|
| SEVERE | | D2 | | | |
| MAJOR | C3 | C5 A3 B3 A2 | C4 | | |
| MODERATE | C2 A1 C1 | D3 | A4 B1 | B2 | |
| MINOR | | | D4 | D1 | |
| NOT SIGNIFICANT | | | | | |

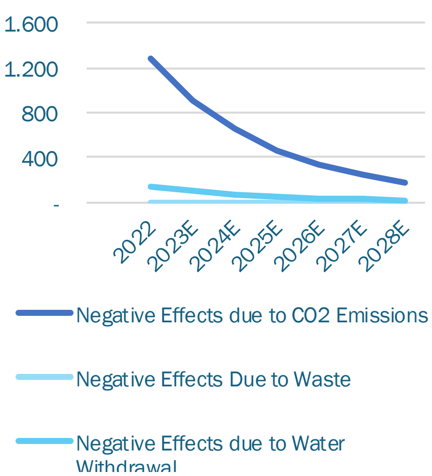
## Exhibit 42: Price Sensitivity Analysis
*Source: Team Estimates*

| g \ WACC | 7,6% | 8,1% | 8,56% | 9,1% | 9,6% |
|---|---|---|---|---|---|
| 1,5% | 5,9 | 5,3 | 4,8 | 4,4 | 4,0 |
| 2,0% | 6,4 | 5,7 | 5,2 | 4,7 | 4,3 |
| 2,5% | 7,0 | 6,3 | 5,6 | 5,0 | 4,6 |
| 3,0% | 7,8 | 6,9 | 6,1 | 5,5 | 4,9 |
| 3,5% | 8,8 | 7,6 | 6,7 | 6,0 | 5,3 |

## Exhibit 43: EV Sensitivity Analysis
*Source: Team estimates*

| g \ WACC | 7,6% | 8,1% | 8,56% | 9,1% | 9,6% |
|---|---|---|---|---|---|
| 1,5% | 1024,1 | 923,0 | 836,2 | 760,9 | 695,0 |
| 2,0% | 1117,6 | 1000,7 | 901,6 | 816,5 | 742,8 |
| 2,5% | 1229,5 | 1092,3 | 977,7 | 880,7 | 797,4 |
| 3,0% | 1366,0 | 1202,1 | 1067,6 | 955,4 | 860,2 |
| 3,5% | 1536,2 | 1335,9 | 1175,2 | 1043,5 | 933,5 |

## Exhibit 44: Negative environmental effect on integrated method
*Source: Team estimates*




# INVESTMENT RISK ANALYSIS

| | RISK | DESCRIPTION | PROB. | IMPACT |
|---|---|---|---|---|
| MACRO RISKS | (A1) Geopolitical risk | GVS is taking into consideration the Russia-Ukraine conflict, the Israel-Gaza Strip conflict, tension in the Red Sea and Suez Canal, and the outcome of future political elections in the USA that could create tensions with China. GVS actively monitors these events and is prepared to take appropriate measures. | LIKELY | MODERATE |
| | (A2) Inflation risk | The market expects inflation to decrease in both the EU zone and the USA. We consider a potential inflation hike to be unlikely; nonetheless, we suggest monitoring the policies of the Fed and ECB. | UNLIKELY | MAJOR |
| | (A3) Country risk | Despite GVS's presence in the USA, China, and Europe, we do not foresee any potential risks related to defaults in the various countries where we operate. | UNLIKELY | MAJOR |
| | (A4) Commodities risk | GVS closely monitors price dynamics for sourcing raw materials and energy costs, which could impact sales and margins. This risk is considered likely and moderately impactful. | POSSIBLE | MODERATE |
| BUSINESS RISKS | (B1) Management risk | There are no significant conduct risks identified from management, except for the challenge of effectively integrating the acquired businesses within the group. | POSSIBLE | MODERATE |
| | (B2) Reputational risk | It is believed that a possible management error that could impact the company's reputation is unlikely, also due to the company's excellent track record. | UNLIKELY | MODERATE |
| | (B3) Market risk | There is a low probability of market share loss as the company aims to develop top-notch products in the market niches it operates in, focusing more on the quality of the products offered compared to competitors. | UNLIKELY | MAJOR |
| OPERATIONAL RISKS | (C1) Internal frauds risk | The company should not be exposed to this type of risk, especially because it has implemented a Whistleblowing system. | RARE | MODERATE |
| | (C2) External frauds risk | Despite the presence of preventive measures and the Whistleblowing system, the risk of external fraud cannot be completely eliminated, as frauds can be committed by individuals external to the company who may circumvent controls or exploit existing vulnerabilities. | RARE | MODERATE |
| | (C3) Cyber security & IT risk | The Group may be subject to situations of Cyber Security & Industrial Espionage, namely the occurrence of cyber attacks capable of compromising the management information systems (ICT) and industrial systems (ICS) and facilitating the theft of sensitive information for GVS. To mitigate the negative impacts, GVS has implemented a centralized governance model for Cyber Security | UNLIKELY | MAJOR |
| | (C4) Synergies risk | The achievement on the extraction of synergies from acquired companies, particularly in terms of integration, efficiency improvement and market share growth will be crucial for the return to an organic growth. | POSSIBLE | MAJOR |
| | (C5) Malfunction risk | The risk of machinery malfunction could prove particularly impactful for GVS as a manufacturing company; this could lead to a disruption in production activity, resulting in the risk of failing to meet delivery deadlines for customers. | UNLIKELY | MAJOR |
| FINANCIAL RISKS | (D1) Forex risk | Given GVS's past ability to hedge against currency exchange risks in the forex market, during periods of high volatility using derivative instruments, this risk is not seen as a significant factor, despite ongoing market uncertainty remaining high. | LIKELY | MINOR |
| | (D2) Liquidity risk | Although for GVS this risk may seem unlikely, it is essential to understand that if it were to occur it could have a significant impact, especially regarding the achievement of deleveraging targets. | UNLIKELY | SEVERE |
| | (D3) Credit risk | A high credit risk can have a significant impact on a company's finances and overall financial stability, so it is important to take preventive measures to mitigate this risk. We do not detect high probabilities of occurrence, even when analyzing turnovers that suggest an increase in GVS's market power. | UNLIKELY | MODERATE |
| | (D4) Interest rates risk | The interest rate risk, by its nature, is closely linked to the inflation rate; however, a potential increase in rates, although deemed unlikely, would have little impact on GVS finances as future borrowing will be short-term and tied to the group's operational activities. | POSSIBLE | MINOR |
| PURE RISKS | (E1) Business interruption | The factors that can cause operational disruptions are related to extreme and catastrophic events concerning our filtration system production facilities. These serious situations can interrupt industrial operations, cause damage to plants and infrastructure, lead to loss of profitability and cash flow, and increase restoration and maintenance costs. However, the company's asset positions are distributed to avoid significant concentrations in specific geographic areas. | RARE | SEVERE |

# APPENDIX

## A.01 Income statement

*Income statement forecast (Source: Team estimates and GVS's Financials)*

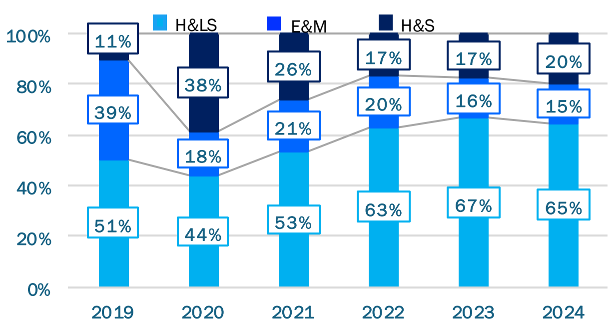
| Income statement forecast (Base) | Actual | | | | | Forecast | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY | 2018 | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F |
| Healthcare & Lifescience | 101.482 | 115.139 | 159.104 | 180.316 | 245.385 | 288.000 | 296.640 | 305.539 | 313.178 | 319.441 | 324.233 |
| Energy & Mobility | 87.121 | 87.898 | 65.193 | 70.715 | 77.330 | 68.000 | 69.700 | 71.443 | 72.931 | 74.146 | 75.073 |
| Health & Safety | 20.297 | 23.992 | 138.999 | 87.095 | 64.876 | 71.000 | 77.035 | 83.583 | 89.991 | 96.140 | 101.909 |
| Revenues from contracts with costumers | 208.900 | 227.029 | 363.296 | 338.126 | 387.591 | 427.000 | 443.375 | 460.565 | 476.100 | 489.728 | 501.215 |
| Other revenues | 252 | 3.169 | 1.916 | 4.949 | 4.442 | 6.362 | 5.081 | 5.278 | 5.456 | 5.613 | 5.744 |
| TOT Revenues | 209.152 | 230.198 | 365.212 | 343.075 | 392.033 | 433.362 | 448.456 | 465.843 | 481.556 | 495.341 | 506.959 |
| Purchase and consumption | -62.323 | -67.884 | -88.560 | -96.094 | -141.198 | -143.679 | -143.528 | -143.619 | -144.659 | -147.587 | -149.806 |
| Cost of services | -22.918 | -23.442 | -36.216 | -36.662 | -54.573 | -58.770 | -54.267 | -55.107 | -57.018 | -58.709 | -60.151 |
| Personnel costs | -70.652 | -73.583 | -98.877 | -98.599 | -123.529 | -129.694 | -134.668 | -139.889 | -144.607 | -148.747 | -152.236 |
| Other operating costs | -2.865 | -3.460 | -3.197 | -5.390 | -5.301 | -5.782 | -4.955 | -5.147 | -5.320 | -5.473 | -5.601 |
| Operating expenses | -158.758 | -168.369 | -226.850 | -236.745 | -324.601 | -337.926 | -337.418 | -343.762 | -351.605 | -360.515 | -367.794 |
| EBITDA | 50.394 | 61.829 | 138.362 | 106.330 | 67.432 | 95.437 | 111.039 | 122.081 | 129.951 | 134.826 | 139.165 |
| *EBITDA margin* | *24,09%* | *26,86%* | *37,89%* | *30,99%* | *17,20%* | *22,02%* | *24,76%* | *26,21%* | *26,99%* | *27,22%* | *27,45%* |
| D&A | 22.970 | 16.302 | 19.030 | 23.528 | 37.972 | 39.635 | 37.592 | 35.549 | 33.507 | 31.464 | 29.422 |
| Net Impairment losses | -78 | -250 | -335 | -462 | -506 | -633 | -326 | -326 | -326 | -326 | -326 |
| EBIT | 27.346 | 45.277 | 118.997 | 82.340 | 28.954 | 55.169 | 73.121 | 86.206 | 96.118 | 103.036 | 109.417 |
| *EBIT Margin* | *13,1%* | *19,9%* | *32,8%* | *24,4%* | *7,5%* | *13,6%* | *16,6%* | *18,8%* | *20,3%* | *21,1%* | *21,9%* |
| Financial income (cost) | -1.878 | -1.990 | 13.107 | 7.418 | 5.670 | -16.300 | -2.939 | -3.464 | -3.858 | -4.132 | -4.377 |
| EBT | 25.468 | 43.287 | 105.890 | 89.758 | 34.624 | 38.869 | 70.182 | 82.742 | 92.260 | 98.904 | 105.041 |
| *EBT Margin* | *12,2%* | *19,0%* | *29,1%* | *26,5%* | *8,9%* | *9,8%* | *15,9%* | *18,0%* | *19,4%* | *20,3%* | *21,0%* |
| Taxes | 9.217 | 10.582 | 27.808 | 22.153 | 10.505 | 11.000 | 19.862 | 23.417 | 26.110 | 27.990 | 29.727 |
| Net Profit | 16.251 | 32.705 | 78.082 | 67.605 | 24.119 | 27.869 | 50.320 | 59.326 | 66.150 | 70.913 | 75.313 |
| *Net Profit Margin* | *7,8%* | *14,4%* | *21,5%* | *20,0%* | *6,2%* | *7,0%* | *11,4%* | *12,9%* | *13,9%* | *14,5%* | *15,1%* |
| EPS | 0,09 | 0,19 | 0,45 | 0,39 | 0,14 | 0,17 | 0,29 | 0,34 | 0,38 | 0,41 | 0,43 |

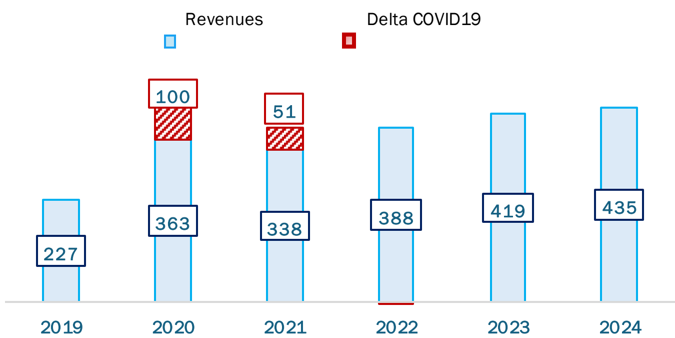
*Income Statement Growth Rates (Source: Team estimates)*

| FY | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Healthcare & Lifescience | - | 13,46% | 38,18% | 13,33% | 36,09% | 17,37% | 3,00% | 3,00% | 2,50% | 2,00% | 1,50% |
| Energy & Mobility | - | 0,89% | -25,83% | 8,47% | 9,35% | -12,07% | 2,50% | 2,50% | 2,08% | 1,67% | 1,25% |
| Health & Safety | - | 18,20% | 479,36% | -37,34% | -25,51% | 9,44% | 8,50% | 8,50% | 7,67% | 6,83% | 6,00% |
| **Revenues from contracts with costumers** | **-** | **8,68%** | **60,02%** | **-6,93%** | **14,63%** | **10,17%** | **3,83%** | **3,88%** | **3,37%** | **2,86%** | **2,35%** |
| Other revenues | - | 1157,54% | -39,54% | 158,30% | -10,24% | 43,23% | -20,13% | 3,88% | 3,37% | 2,86% | 2,35% |
| **TOT Revenues** | **-** | **10,06%** | **58,65%** | **-6,06%** | **14,27%** | **10,54%** | **3,48%** | **3,88%** | **3,37%** | **2,86%** | **2,35%** |
| Purchase and consumption | - | 8,92% | 30,46% | 8,51% | 46,94% | 1,76% | -0,10% | 0,06% | 0,72% | 2,02% | 1,50% |
| Cost of services | - | 2,29% | 54,49% | 1,23% | 48,85% | 7,69% | -7,66% | 1,55% | 3,47% | 2,97% | 2,46% |
| Personnel costs | - | 4,15% | 34,37% | -0,28% | 25,28% | 4,99% | 3,83% | 3,88% | 3,37% | 2,86% | 2,35% |
| Other operating costs | - | 20,77% | -7,60% | 68,60% | -1,65% | 9,08% | -14,31% | 3,88% | 3,37% | 2,86% | 2,35% |
| **Operating expenses** | **-** | **6,05%** | **34,73%** | **4,36%** | **37,11%** | **4,10%** | **-0,15%** | **1,88%** | **2,28%** | **2,53%** | **2,02%** |
| **EBITDA** | **-** | **22,69%** | **123,78%** | **-23,15%** | **-36,58%** | **41,53%** | **16,35%** | **9,94%** | **6,45%** | **3,75%** | **3,22%** |
| *EBITDA margin* | - | 11,47% | 41,05% | -18,19% | -44,50% | 28,03% | 12,43% | 5,84% | 2,97% | 0,86% | 0,85% |

## A.02 COVID-19 effect

As mentioned along the writing of the paper, the effect of COVID19 for GVS brought a significant increase in the Health & Safety division's revenues. The higher revenues were for F.Y2020 amounting to +€100 Mln and for F.Y 2021 amounting to +€51 Mln. The higher revenues, as a result of the conversion of the production structure that took place quickly, in addition to shifting GVS's traffic to the EU, opened the door for the company to invest in the Health & Safety sector - e.g., through the M&A on RPB in 2021.



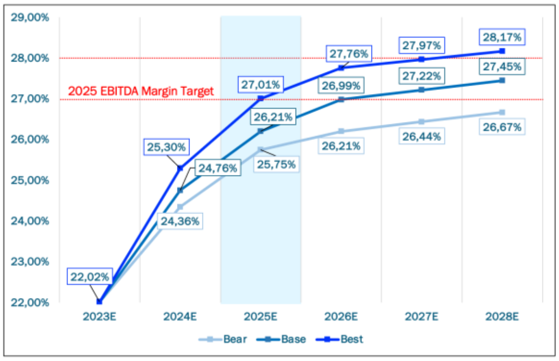
## A.03 Bull & Bear Scenarios

As a team, we conducted a sensitivity analysis on EBITDA and EBITDA margin to assess how our best-case and most conservative expectations could impact these values. For the bear scenario, we assumed that overall revenues would grow by 5.5% from 2023 to 2025, while in the bull scenario, they would grow by 6.5%. These values deviate by -40 bps and +60 bps from the identified base case CAGR of 5.9%. These scenarios hinge on the company's future ability to extract synergies from the acquired businesses. We calculated these buffers by considering the divergences highlighted in various industry reviews. Since we were already conservative with estimates and CAGRs in the base scenario, the buffer for the bear scenario is smaller than that for the bull scenario (40 bps compared to 60 bps). Overall, we identify a range of 100 bps between the worst and best scenarios.

Regarding purchase and consumption costs, we assumed lower efficiency levels in the bear case, partly due to inflation uncertainty, resulting in an impact of approximately +80 bps on revenues compared to the base scenario. In the bull scenarios, we see a better efficiency situation, with a 50 bps improvement, primarily due to supplier efficiency and a reduction in overall macro-level commodity prices. We note that we adopted a more conservative approach in calculating divergences from the base scenario.

As evidenced by Exhibit XX, we observe significant impacts on margins in these different scenarios. Particularly, only in the bull case do we see the company potentially reaching the 27% EBITDA margin target by 2025, while in the bear case, it settles with an EBITDA margin of approximately 25.8%. We note that the difference between the various cases is only about 120 bps between the bull and bear scenarios. Therefore, we have chosen to take a more conservative approach than the bear scenario, where we expect the company to achieve a 26.2% EBITDA margin by 2025.

**Exhibit 44: EBITDA Margin Bull & Bear Scenarios**
*Source: Team estimate*




*Bull & Bear Scenarios Sensitivity Analysis (Source: Team estimates)*

| Base | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| *Growth rates in %* | | | | | | |
| Healthcare & Lifescience | 17,4% | 3,0% | 3,0% | 2,5% | 2,0% | 1,5% |
| Energy & Mobility | -12,1% | 2,5% | 2,5% | 2,1% | 1,7% | 1,3% |
| Health & Safety | 9,4% | 8,5% | 8,5% | 7,7% | 6,8% | 6,0% |
| **Revenues from contracts with costumers** | **10,2%** | **3,8%** | **3,9%** | **3,4%** | **2,9%** | **2,3%** |
| Other revenues | 43,2% | -20,1% | 3,9% | 3,4% | 2,9% | 2,3% |
| **TOT Revenues** | **10,5%** | **3,5%** | **3,9%** | **3,4%** | **2,9%** | **2,3%** |
| *% on gross revenues* | | | | | | |
| Purchase and consumption | 33,2% | 32,0% | 30,8% | 30,0% | 29,8% | 29,6% |
| Cost of services | 13,6% | 12,1% | 11,8% | 11,8% | 11,9% | 11,9% |
| Personnel costs | 29,9% | 30,0% | 30,0% | 30,0% | 30,0% | 30,0% |
| Other operating costs | 1,3% | 1,1% | 1,1% | 1,1% | 1,1% | 1,1% |
| **Operating expenses** | **78,0%** | **75,2%** | **73,8%** | **73,0%** | **72,8%** | **72,5%** |
| **EBITDA** | **95.437** | **111.039** | **122.081** | **129.951** | **134.826** | **139.165** |
| **EBITDA margin** | **22,0%** | **24,8%** | **26,2%** | **27,0%** | **27,2%** | **27,5%** |

| Bear (Δ from Base Case Scenario) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| *Growth rates in %* | | | | | | |
| Healthcare & Lifescience | 0,0% | -0,5% | -0,5% | -0,4% | -0,3% | -0,2% |
| Energy & Mobility | 0,0% | -0,5% | -0,5% | -0,4% | -0,3% | -0,2% |
| Health & Safety | 0,0% | -1,0% | -1,0% | -1,0% | -1,0% | -1,0% |
| **Revenues from contracts with costumers** | **0,0%** | **-0,6%** | **-0,6%** | **-0,5%** | **-0,5%** | **-0,4%** |
| Other revenues | 0,0% | -7,4% | -0,6% | -0,5% | -0,5% | -0,4% |
| **TOT Revenues** | **0,0%** | **-0,7%** | **-0,6%** | **-0,5%** | **-0,5%** | **-0,4%** |
| *% on gross revenues* | | | | | | |
| Purchase and consumption | 0,0% | 0,4% | 0,8% | 0,7% | 0,8% | 0,8% |
| Cost of services | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Personnel costs | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Other operating costs | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| **Operating expenses** | **0,0%** | **0,4%** | **0,5%** | **0,8%** | **0,8%** | **0,8%** |
| **EBITDA** | **-** | **- 2.536** | **- 3.582** | **- 5.937** | **- 6.713** | **- 7.425** |
| **EBITDA margin** | **0,0%** | **-0,4%** | **-0,5%** | **-0,8%** | **-0,8%** | **-0,8%** |

| Bull (Δ from Base Case Scenario) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| *Growth rates in %* | | | | | | |
| Healthcare & Lifescience | 0,0% | 1,0% | 1,0% | 0,8% | 0,7% | 0,5% |
| Energy & Mobility | 0,0% | 0,5% | 0,5% | 0,4% | 0,3% | 0,2% |
| Health & Safety | 0,0% | 1,0% | 1,0% | 1,0% | 1,0% | 1,0% |
| **Revenues from contracts with costumers** | **0,0%** | **0,9%** | **0,9%** | **0,8%** | **0,7%** | **0,6%** |
| Other revenues | 0,0% | 7,7% | 0,9% | 0,8% | 0,7% | 0,6% |
| **TOT Revenues** | **0,0%** | **1,0%** | **0,9%** | **0,8%** | **0,7%** | **0,6%** |
| *% on gross revenues* | | | | | | |
| Purchase and consumption | 0,0% | -0,3% | -0,6% | -0,6% | -0,6% | -0,6% |
| Cost of services | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Personnel costs | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Other operating costs | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| **Operating expenses** | **0,0%** | **-0,3%** | **-0,6%** | **-0,6%** | **-0,6%** | **-0,6%** |
| **EBITDA** | **-** | **3.539** | **6.108** | **7.303** | **8.345** | **9.252** |
| **EBITDA margin** | **0,0%** | **0,5%** | **0,8%** | **0,8%** | **0,7%** | **0,7%** |

## A.04 Revenue streamline per B2X

| SEGMENT | Units | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|---|---|---|
| B2B | k€ | 184.581 | 237.877 | 300.196 | 341.600 | 354.700 | 368.452 | 380.880 | 391.782 | 400.972 |
| B2C | k€ | 178.715 | 100.249 | 86.675 | 85.400 | 88.675 | 92.113 | 95.220 | 97.946 | 10.0243 |
| | | 363.296 | 338.126 | 386.871 | 427.000 | 443.375 | 460.565 | 476.100 | 489.728 | 501.215 |

The revenue ratio between consumer and business end-markets remains consistently at 8:2 for B2B, with only a temporary shift observed for B2C during the COVID-19 period. This particular data aligns with the shift in geographical zones, as GVS significantly increased its market share in the EU area during that specific period (particularly in Italy) through mask sales. For the forecast period, we anticipate no change in this ratio, as historically the company has always maintained it.

| GEOGRAPHIC | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North America | 35% | 42% | 42% | 38% | 43% | 49% | 50% | 50% | 50% | 50% | 50% | 50% |
| Europe | 32% | 30% | 28% | 43% | 36% | 26% | 24% | 23% | 22% | 21% | 20% | 19% |
| Asia | 23% | 21% | 22% | 14% | 14% | 17% | 18% | 19% | 20% | 21% | 22% | 23% |
| Other countries | 10% | 8% | 7% | 5% | 7% | 8% | 8% | 8% | 8% | 8% | 8% | 8% |

Geographically, two notable observations emerge. (1) The impact of COVID-19 coincided with a shift described in the preceding paragraph, wherein the Asian market yielded ground to the European market. (2) We anticipate future growth in the Asian region, particularly in China. With the investment in STT commencing in 2022, we project this area to potentially reach 20% by FY 2025, empowering GVS to make significant strides in the Chinese hospital sector. A prospective target for the final forecasted year of 2028 could be 23%, mirroring the value observed in FY 2017.

## A.05 Value creation and Earnings per share (by ROIC)

Going further with our analysis, we decide to divide revenues between organic revenues and non organic revenues; the effect is totally explain from their M&A operation, that see The connection through which company earnings within the perimeter flow into GVS has notably strengthened, particularly post-COVID-19, especially within the Healthcare & Lifescience and Health & Safety divisions, where substantial operations are concentrated. Anticipating continued growth, we project a sustained influx of non-organic revenues, underscoring GVS's integration capabilities.

To assess whether the company is generating organic value or channeling efforts primarily into non-organic avenues, we employed Return on Invested Capital (ROIC). A comparative analysis between the fiscal years 2020 and 2023 was deemed essential to discern the impact of COVID-19. ROIC is calculated as follows:

| *Units: €* | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E |
|---|---|---|---|---|---|---|---|
| Organic Revenues | 164.846 | 208.900 | 227.416 | 363.296 | 325.126 | 270.591 | 229.107 |
| *Growth %* | | *26,7%* | *8,9%* | *59,7%* | *-10,5%* | *-16,8%* | *-15,3%* |
| Non Organic Revenues | | | | | 13.000 | 117.000 | 180.000 |
| | | | | | | *800%* | *54%* |
| Total Revenues | 164.846 | 208.900 | 227.416 | 363.296 | 338.126 | 387.591 | 409.107 |

$$\text{Return on Invested Capital (ROIC)} = \frac{\text{NOPAT}}{\text{Average Invested Capital}}$$

$$\text{NOPAT} = \text{EBIT} \times (1 - \text{Tax Rate \%})$$

$$\text{Invested Capital} = \text{Fixed Assets} + \text{Net Working Capital (NWC)} + \text{Acquired Intangibles} + \text{Goodwill}$$

The interpretation of ROIC is as follows:
(a) *ROIC>WACC* implies organic value creation
(b) *ROIC<WACC* indicates organic value destruction.

This distinction is vital for understanding GVS's future priorities. The analysis reveals a positive trend in FY 2020, where ROIC exceeded the Weighted Average Cost of Capital (WACC), signaling value creation and commendable company performance (source: KPMG GER).

However, in FY 2023, a negative trajectory is evident (a decrease of 11.2% compared to 2019), with ROIC falling below our estimated cost of capital. This denotes value destruction, indicating a shift in the company's performance. Therefore, in FY 2023, GVS appears to be undergoing a phase of value erosion rather than creation.

| YEAR | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| NOPAT | 18.905 € | 24.828 € | 32.571 € | 90.024 € | 61.738 € | 31.848 € |
| Capital invested | 215.007 € | 213.625 € | 211.692 € | 245.457 € | 418.795 € | 763.650 € |
| Return on invested capital | 9% | 12% | 15% | 37% | 15% | 4% |

On F.Y 2019 the cost of capital was 2.7% - On an environment of relatively low interest rates and low cost of capital for a long time – and GVS was creating value with a gap of +12.7%.

After the COVID19 and by the operation followed by GVS, the focus shifted to non organic growth, as we said. Actually GVS is destroing value (4.2% < 9.5%); we are convinced, however, that for F.Y 2024-2025 GVS will return to value creation by shifting its internal foucs again, and F.Y 2023 being the only year within which, on full post-pandemic recovery, GVS had to reestablish its priorities.

## B.01 Peers panel

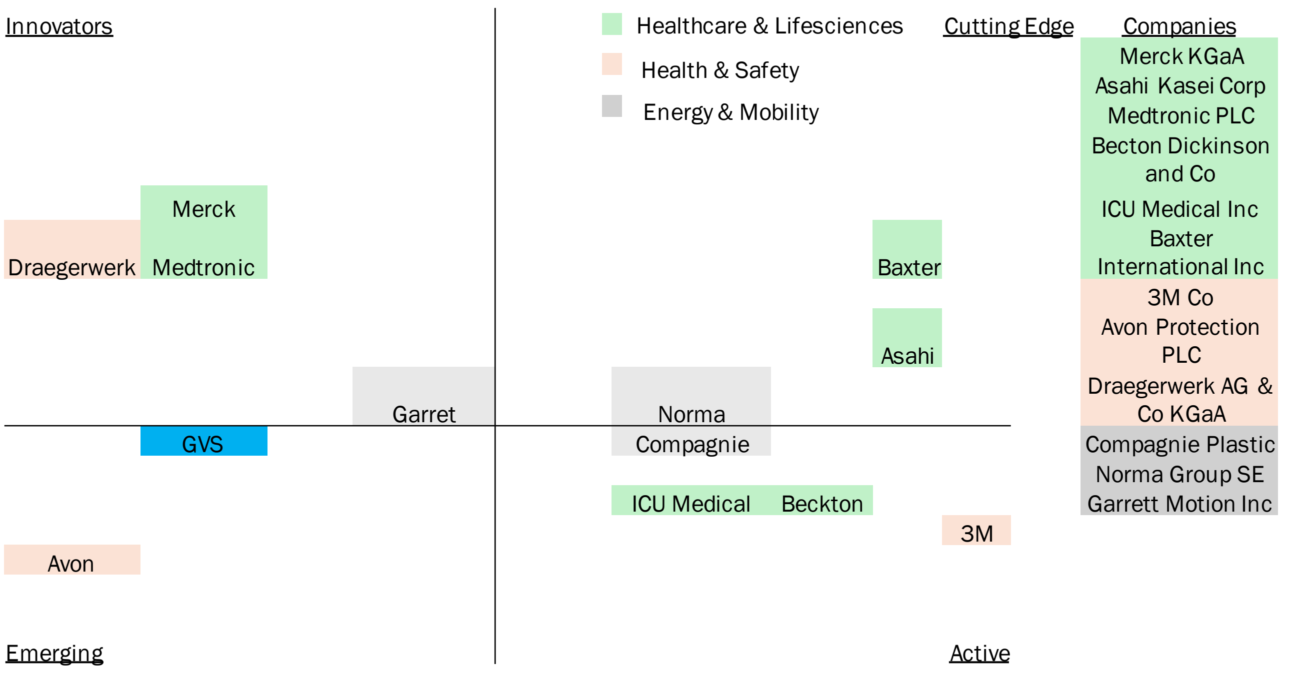
| Comparables set 1: Healthcare & Lifescience | |
|---|---|
| MRCG.DE | Merck KGaA |
| 3407.T | Asahi Kasei Corp |
| MDT | Medtronic PLC |
| BDX | Becton Dickinson and Co |
| ICUI.O | ICU Medical Inc |
| BAX | Baxter International Inc |

| Comparables set 2: Health & Safety | |
|---|---|
| MMM | 3M Co |
| AVON.L | Avon Protection PLC |
| DRWG.DE | Draegerwerk AG & Co KGaA |

| Comparables set 3: Energy & Mobility | |
|---|---|
| PLOF.PA | Compagnie Plastic Omnium SE |
| NOEJ.DE | Norma Group SE |
| GTX.OQ | Garrett Motion Inc |

## B.02 Competitor Mapping

*Source - UCSC Creation*




As an internal analysis, we define as a final use for competitive positioning a tool developed internally a map positioning; the parameters evaluated in this field are on the vertical axis the strategy used by the company and on the horizontal axis the dimension of the company in analysis. The categories here are: a) Innovators: a company in the sector that invests in % more than the average in R&D b) Cutting Edge: companies with dimension (>€1 bln dimension in revenues) and with the ability to maintain a lean cost structure c) Active: a company with specific ability on market control and presence in multiple subsectors d)Emerging: relative new company with less history and less capacity to compete actually, but with the important possibility to growth.
GVs in this case enter the category of emerging, thanks to a growth Y.o.Y that is increasing and a market expansion - mainly implemented through M&A – that allows it to invade new markets and new niches in the future. At the same time, GVS appears to be a company that invests 4.6% in R&D, and which constantly tries to innovate its products and present itself to the market with quality. For the future we do not believe that the share can increase particularly - remaining around 4%-5% - but we believe that GVS will constantly benefit from its investments.

## B.03 Peers choice rationale

As said during the presentation and in the paper, the peer choice here is based on different metrics, like: a) profitability – we privileged company with similar profitability or with a goal that tends to lead to being similar b) Margin – it is important in our vision to take peers that has similar margin to GVS (this detail is possible and similar in every division, except for the Energy & Mobility division that see very different margin and different underlying logics, also in consideration of the fact that the automotive industry for example, finds much more specialization and control over the value chain. c) growth rates – in consideration and as a natural extension of what we consider as important metrics before, we believe that also growth rate must very similar, to avoid outlier in our group of peers. As a final consideration, we are totally in knowledge of the dimensional question, that is a must in the sector and that reflect is effect totally on the capacity of the firm to invest in R&D and to compete with other company. If have a similar (or like in some cases, above) you margins, I have the possibility to put you in difficulty by depressing margins and forcing you to operate at a lower profitability. This for us, is the size dimension on the MOAT, or the competitor metrics on the Five Power of Porter Forces that reflect as a disadvantage for GVS. The only to abide yourself from a similar problem, is to growth with an industrial plan well think and with long term view.

| Company Name | Country | Revenues (mln) | EBITDA (mln) | EBITDA margin | R&D expenses | R&D as a % of Revenues |
|---|---|---|---|---|---|---|
| GVS SpA | | 468 | 103 | *21,09%* | 21 | *4,5%* |
| ***Healthcare & Lifesciences*** | | | | | | |
| Merck KGaA | | 22.232 | 7.061 | *29,18%* | 2.476 | *11,1%* |
| Asahi Kasei Corp | | 19.375 | 2.167 | *10,24%* | 715 | *3,7%* |
| Medtronic PLC | | 29.996 | 8.832 | *29,28%* | 2.519 | *8,4%* |
| Becton Dickinson and Co | | 17.450 | 4.484 | *27,92%* | 1.175 | *6,7%* |
| ICU Medical Inc | | 2.169 | 221 | *13,56%* | 57 | *2,6%* |
| Baxter International Inc | | 14.378 | 3.022 | *18,42%* | 547 | *3,8%* |
| ***Health & Safety*** | | | | | | |
| 3M Co | | 32.564 | 8.787 | *26,95%* | 1.877 | *5,8%* |
| Avon Protection PLC | | 244 | 36 | *17,43%* | 5 | *1,9%* |
| Draegerwerk AG & Co KGaA | | 3.045 | 62 | *8,48%* | 310 | *10,2%* |
| ***Energy & Mobility*** | | | | | | |
| Compagnie Plastic Omnium SE | | 8.538 | 759 | *8,67%* | 124 | *1,5%* |
| Norma Group SE | | 1.243 | 136 | *10,97%* | 3 | *0,3%* |
| Garrett Motion Inc | | 3.428 | 522 | *16,02%* | 144 | *4,2%* |

## Debt analysis by peers

The excess of leverage registered from GVS is something that the management decided not to use their cash flow for the M&A operation, and to do an investment of € 230m for an acquisition. Analyzing the peers, GVS has an excess of debt that is reflected in their Enterprise Value and on the ratio EV/EBITDA, which is pumped in high having a lower enterprise value – we want to remember that the Net debt is added to the EV in the formula of the bridge from equity to enterprise value.

| Company Name | Country | Debt/Equity | EV/Debt | Market Cap/Debt |
|---|---|---|---|---|
| GVS SpA | | *144,79%* | 2,19 | 0,68 |
| *Healthcare & Lifesciences* | | | | |
| Merck KGaA | | *39,98%* | 8,45 | 0,90 |
| Asahi Kasei Corp | | *57,49%* | 2,13 | 0,63 |
| Medtronic PLC | | *47,16%* | 5,65 | 0,88 |
| Becton Dickinson and Co | | *61,56%* | 5,63 | 0,84 |
| ICU Medical Inc | | *79,24%* | 3,15 | 0,72 |
| Baxter International Inc | | *282,21%* | 2,45 | 0,63 |
| *Health & Safety* | | | | |
| 3M Co | | *329,40%* | 4,39 | 0,86 |
| Avon Protection PLC | | *61,86%* | | 0,73 |
| Draegerwerk AG & Co | | *27,43%* | 2,15 | 0,94 |
| *Energy & Mobility* | | | | |
| Compagnie Plastic Om.SE | | *122,58%* | 1,63 | 0,52 |
| Norma Group SE | | *71,78%* | N/A | 0,62 |
| Garrett Motion Inc | | *N/A* | N/A | 0,35 |

As declared from guidance, GVS has intentions – and necessity – to return to a normal leverage ratio, targeted as a 1.2x – 1.3x. The effect is reflected in the D/E ratio; since the equity has not changed in F.Y 2023, with the increase of leverage, the ratio shot upwards, given the financial debts subscribed. We believe that, with the (current) and future deleverage policy, we will return to a ratio closer to the sector average D/E, approaching the previous ratio of 66%.

## B.04 Estimation of WACC

In determining the Weighted Average Cost of Capital (WACC) for GVS, we have opted for the Capital Asset Pricing Model (CAPM) methodology. This choice is substantiated by GVS's indication of an improved current state and ongoing restructuring efforts, alongside the observable decline in the stock price over time. The declining stock price underscores the importance of a methodology like CAPM, which allows for the incorporation of market risk factors, particularly relevant given the systematic risk associated with changes in the stock price. By utilizing CAPM, we aim to accurately capture GVS's specific risk profile and prevailing market conditions in estimating the cost of equity.

For the calculation of the cost of equity, adjustments were made to the implied yield on 30-year German bonds using Credit Default Swaps (CDS). Subsequently, the equity risk premium of Italy and a releveraged beta were employed. The releveraged beta was determined by considering the betas of a peer group weighted according to GVS's three divisions. Outliers with extremely low and high betas were excluded from the initial peer group, ensuring a more accurate assessment. The same elimination process was applied to relative valuation. The cost of equity was computed by multiplying the equity risk premium by the releveraged beta. To derive the releveraged beta, the betas of peer companies were unleveraged based on each peer's respective Debt/Market Capitalization rate. The releveraged beta was then recalculated using the determined Debt/Market Capitalization through percentiles (40th, median, and 60th). Additionally, Italy's country risk premium, as determined by Damodaran as of July 2023, and a size risk premium based on Duff & Phelps were factored into the analysis.

For the Cost of Debt, our approach involves establishing a corporate spread for GVS by deriving a corporate yield adjusted for the risk-free rate. Since GVS has not issued any bonds, rendering credit ratings unavailable for determining a corporate yield, we extrapolated the corporate yield by averaging the ratings of peer groups. Subsequently, appropriate 10-year yields corresponding to these ratings, analyzed for September 2023, were assigned. Additionally, adjustments were made for the adjusted risk-free rate and country default spread. After accounting for the tax rate, we ascertain the cost of debt.

Regarding Capital Structure determination, we derived it through the Debt/Market Capitalization ratio.

| WACC Calculation | Min | Mid | Max |
|---|---|---|---|
| Risk Free Rate | 2,75% | 2,75% | 2,75% |
| Risk Free Rate | 3,03% | 3,03% | 3,03% |
| Credit Default Swap | -0,28% | -0,28% | -0,28% |
| Equity Risk Premium | 6,45% | 6,45% | 6,45% |
| Re-Levereaged Beta Coefficient | 0,64 | 0,84 | 1,06 |
| Unlevered Beta | 0,50 | 0,61 | 0,72 |
| Debt/Market Capitalization | 36,2% | 48,9% | 61,7% |
| Corporate Tax Rate | 24,0% | 24,0% | 24,0% |
| Country Risk Premium | 1,45% | 1,45% | 1,45% |
| Size Risk Premium | 1,71% | 1,71% | 1,71% |
| Cost of Equity | 10,0% | 11,3% | 12,7% |
| Corporate/Credit Spread | 0,88% | 0,88% | 0,88% |
| Corporate Yield | 3,91% | 3,91% | 3,91% |
| Risk Free Rate | -3,03% | -3,03% | -3,03% |
| Country Default Spread | 2,35% | 2,35% | 2,35% |
| Corporate Tax Rate | 24,0% | 24,0% | 24,0% |
| Cost of Debt | 4,54% | 4,54% | 4,54% |
| Equity Ratio | 73,4% | 67,1% | 61,9% |
| Debt Ratio | 26,6% | 32,9% | 38,1% |
| **WACC** | **8,56%** | **9,08%** | **9,61%** |

Source: Teams Estimates, Refinitiv, Damodaran, Duff & Phelps

| Issuer Rating | 10 Year Yield |
|---|---|
| AAA | 3,61% |
| AA | 3,91% |
| A | 4,17% |
| BBB | 4,55% |
| BB | 6,48% |
| B | 7,76% |

Source: Refinitiv

| Company Name | Rating | Yield |
|---|---|---|
| Asahi Kasei Corp | AAA | 3,61% |
| Medtronic PLC | AAA | 3,61% |
| Becton Dickinson and Co | AA | 3,91% |
| ICU Medical Inc | BB | 6,48% |
| 3M Co | A/BBB | 4,36% |
| Avon Protection PLC | n/a | n/a |
| Compagnie Plastic Omnium SE | n/a | n/a |
| Norma Group SE | n/a | n/a |
| **Median** | | **3,91%** |

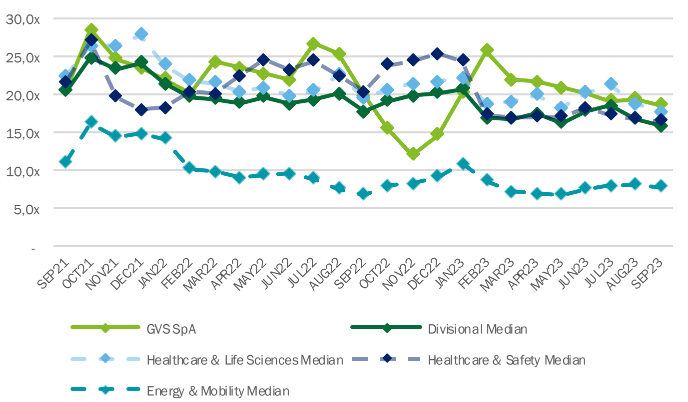
Source: Refinitiv

## C.01 Relative valuation

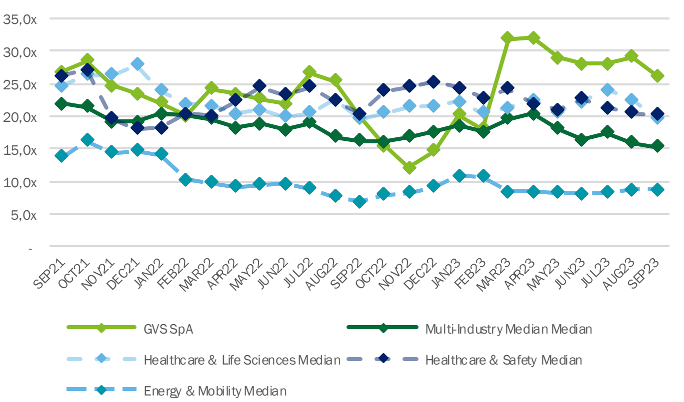
| | NTM Revenue | | | NTM EBITDA | | |
|---|---|---|---|---|---|---|
| EURm | Min | Mid | Max | Min | Mid | Max |
| Peers Multiple | 1,6x | 2,3x | 3,0x | 9,5x | 10,5x | 11,4x |
| Financial Metric (NTM Revenue and NTM EBITDA) | 452 | 452 | 452 | 113 | 113 | 113 |
| Enterprise Value | 719 | 1 028 | 1 337 | 1 074 | 1 183 | 1 293 |
| Net Financial Position (NTM) | (247) | (247) | (247) | (247) | (247) | (247) |
| Estimated Equity Value | 473 | 782 | 1 091 | 827 | 937 | 1 046 |
| Equity Value as per 09/02/2024 | 993 | 993 | 993 | 993 | 993 | 993 |
| **Upside/Downside** | **-110,03%** | **-27,02%** | **8,96%** | **-20,02%** | **-6,00%** | **5,09%** |

Source: Group Estimates

Comparative Analysis of GVS Forward EV/EBIT Consensus Against Multi-Industry Benchmarks




Comparative Analysis of GVS Consensus P/E Ratio Against Multi-Industry Benchmarks



## C.02 Discounted Cash flow

| DCF | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | TV |
|---|---|---|---|---|---|---|---|
| **EBIT** | **13,8** | **73,1** | **86,2** | **96,1** | **103,0** | **109,4** | |
| Taxes on EBIT | 3,3 | 17,5 | 20,7 | 23,1 | 24,7 | 26,3 | |
| *Tax rate* | *24,0%* | *24,0%* | *24,0%* | *24,0%* | *24,0%* | *24,0%* | |
| **NOPAT** | **10,48** | **55,57** | **65,52** | **73,05** | **78,31** | **83,16** | |
| *% growth* | - | *430,16%* | *17,90%* | *11,50%* | *7,20%* | *6,19%* | |
| D&A | 9,90 | 37,59 | 35,55 | 33,51 | 31,46 | 29,42 | |
| CapEx | (6,5) | (26,5) | (27,1) | (27,8) | (28,6) | (29,4) | |
| Change in NWC | (2,9) | (2,5) | 3,51 | 0,96 | 3,14 | 2,70 | |
| **FCFF** | **11,0** | **64,1** | **77,5** | **79,7** | **84,4** | **85,9** | **88,0** |
| **Terminal Value** | | | | | | | **1452,2** |
| Discount Period | *0,25* | *1,25* | *2,25* | *3,25* | *4,25* | *5,25* | |
| Discount Rate | *0,98* | *0,90* | *0,83* | *0,77* | *0,71* | *0,65* | *0,65* |
| **FCFF (discounted)** | 10,8 | 57,9 | 64,4 | 61,0 | 59,5 | 55,8 | 943,6 |

| | |
|---|---|
| **Enterprise Value** | **1.252,9** |
| NFP | (270,0) |
| **EQUITY VALUE** | **982,9** |
| EQUITY VALUE 02/09/2024 | 1062,2 |
| UPSIDE (DOWNSIDE) | (8,6%) |
| # shares | 174.699.554 |
| **WACC** | **8,6%** |
| **g** | **2,5%** |
| **Price per share** | **5,6** |

## C.03 Balance Sheet

| NFP FORECAST | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| CASH | 24,6 | 35,8 | 43,5 | 47,4 | 62,1 | 130,1 | 145,2 | 139,9 | 189,8 | 204,0 | 217,3 | 228,1 | 238,4 | 248,5 |
| *% growth* | *na* | *45,6%* | *21,7%* | *8,9%* | *31,0%* | *109,4%* | *11,6%* | *-3,6%* | *35,6%* | *7,5%* | *6,5%* | *5,0%* | *4,5%* | *4,3%* |
| CURRENT FINANCIAL INDEBTEDNESS | 0,0 | 0,0 | 26,8 | 31,8 | 39,8 | 23,2 | 46,5 | 446,6 | 115,0 | 117,9 | 121,4 | 125,1 | 128,8 | 132,7 |
| *% growth* | *0,0%* | *0,0%* | *0,0%* | *18,6%* | *25,0%* | *-41,7%* | *100,6%* | *861,0%* | *-74,2%* | *2,5%* | *3,0%* | *3,0%* | *3,0%* | *3,0%* |
| NET CURRENT FINANCIAL INDEBTEDNESS | 24,6 | 35,8 | 16,7 | 15,6 | 22,4 | 106,9 | 98,8 | (306,6) | 74,8 | 86,1 | 95,9 | 103,1 | 109,6 | 115,9 |
| *% growth* | *na* | *45,6%* | *-53,3%* | *-6,6%* | *43,2%* | *378,3%* | *-7,6%* | *-410,4%* | *-124,4%* | *15,2%* | *11,3%* | *7,5%* | *6,3%* | *5,7%* |
| NON CURRENT FINANCIAL INDEBTEDNESS | 58,1 | 53,7 | 168,5 | 147,4 | 125,5 | 75,2 | 186,9 | 68,9 | 420,0 | 384,3 | 351,6 | 322,3 | 296,5 | 273,2 |
| *% growth* | *na* | *-7,6%* | *213,9%* | *-12,5%* | *-14,9%* | *-40,1%* | *148,6%* | *-63,2%* | *509,8%* | *-8,5%* | *-8,5%* | *-8,4%* | *-8,0%* | *-7,9%* |
| NET FINANCIAL INDEBTEDNESS | **(33,5)** | **(17,9)** | **(151,8)** | **(131,8)** | **(103,1)** | **31,7** | **(88,2)** | **(375,5)** | **(345,2)** | **(298,2)** | **(255,8)** | **(219,2)** | **(186,9)** | **(157,4)** |
| EFFECTS FROM IFRS 16 | | | | | | | (8,187) | 32,148 | (75,00) | (75,00) | (75,00) | (75,00) | (75,00) | (75,00) |
| **NET FINANCIAL POSITION** | **(33,5)** | **(17,9)** | **(151,8)** | **(131,8)** | **(103,1)** | **31,7** | **(96,4)** | **(343,3)** | (345,2) | (298,2) | (255,8) | (219,2) | (186,9) | (157,4) |
| ADJUSTED NFP | | | | | | | | | (270,2) | (223,2) | (180,8) | (144,2) | (111,9) | (82,4) |

The stable cash generation of the company facilitates gradual reduction of long-term debts, aligning with the de-leveraging target. Operational activities can also be supported through short-term debt without significantly increasing the cost of debt. Our estimate aligns with the management's guidance, although a more conservative stance is maintained, considering the total long-term indebtedness and adjustments made by the company. The effects of IFRS 16 were excluded from the adjusted NFP calculation.

| NWC FORECAST | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| ACCOUNTS RECEIVABLES | 26,7 € | 27,9 € | 37,0 € | 39,4 € | 35,2 € | 52,1 € | 53,0 € | 72,9 € | 78,4 € | 79,0 € | 80,8 € | 82,2 € | 83,2 € | 83,8 € |
| *% growth* | *0,0%* | *4,7%* | *32,4%* | *6,4%* | *-10,7%* | *48,1%* | *1,7%* | *37,7%* | *7,5%* | *0,7%* | *2,3%* | *1,8%* | *1,2%* | *0,7%* |
| INVENTORIES | 19,9 € | 21,1 € | 30,1 € | 33,0 € | 31,5 € | 46,0 € | 72,4 € | 106,9 € | 90,5 € | 86,4 € | 87,6 € | 86,7 € | 88,6 € | 88,4 € |
| *% growth* | *0,0%* | *6,0%* | *42,8%* | *9,4%* | *-4,5%* | *46,2%* | *57,1%* | *47,8%* | *-15,4%* | *-4,6%* | *1,4%* | *-1,0%* | *2,2%* | *-0,2%* |
| ACCOUNTS PAYABLES | 11,0 € | 9,1 € | 16,1 € | 18,5 € | 13,2 € | 25,6 € | 23,8 € | 57,9 € | 58,5 € | 57,4 € | 56,9 € | 56,5 € | 56,2 € | 53,9 € |
| *% growth* | *0,0%* | *-17,8%* | *77,9%* | *14,6%* | *-28,6%* | *94,0%* | *-6,9%* | *143,3%* | *0,9%* | *-1,8%* | *-0,8%* | *-0,8%* | *-0,5%* | *-4,1%* |
| **Net Commercial Working Capital** | **35,6 €** | **40,0 €** | **51,0 €** | **53,8 €** | **53,5 €** | **72,5 €** | **101,5 €** | **121,9 €** | **110,4 €** | **107,9 €** | **111,4 €** | **112,4 €** | **115,5 €** | **118,2 €** |
| *% growth* | *0,0%* | *12,4%* | *27,6%* | *5,6%* | *-0,7%* | *35,7%* | *39,9%* | *20,1%* | *-9,4%* | *-2,3%* | *3,3%* | *0,9%* | *2,8%* | *2,3%* |
| **Change NWC** | | | | | | | | | **(11,5)** | **(2,5)** | **3,5** | **1,0** | **3,1** | **2,7** |

In calculating the NWC and its components, a consistent approach was followed. Historical turnover figures for supplier days, customer collection days, and inventory days were used to estimate future collection, payment, and inventory holding days. The model, which relied on turnover calculations, determined the NWC components. The team consensus favored forecasting based on turnover indices for their stability compared to final accounting entries, providing a more accurate estimate aligned with the company's ratios.

## C.04 Intangible valuation

By the M&A operation and the finalization of R&D, is possible for GVS to capitalize part of the sum as intangibles. As we noted from industry where the intangibles are the base for the valuation, here the intangible could be a relevant driver for future growth. We elaborate internally on a method to understand if GVS has growth rates and intangibles level – considered by the analyst - inflated from this item. The methodology works in a sequent way: starting from the level of asset and the metrics P/BV (price to book value) as an expression of the consideration on the market of the company book value, we calculate the theoric P/BV – or the one that would be correct up to the actual performance – as a multiplication of the cost of equity (Ke) and the ROE. Then, the difference between the P/BV from the market and the P/BV theory, shows how the market is pricing the book value (and so the asset and the intangibles where the weight % up to the total is relevant).

| *INTANGIBLE VALORIZATION* | *Units* | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Intangible asset | k€ | 100.923 | 99.846 | 90.979 | 227.743 | 494.846 |
| % of Total Asset | % | 35% | 34% | 22% | 37% | 50% |
| Delta Intangible | k€ | | -1.077 | -8.867 | 136.764 | 267.103 |
| Number of M&A Operations | | 0 | 0 | 1 | 1 | 2 |

| Comparison | Units | P/BV | ROE | Ke | P/BV Teorico | Excess P/BV |
|---|---|---|---|---|---|---|
| GVS SpA | | 2,2 | 14,1% | 7,7% | 1,83 | 0,3 |
| Medtronic | | 2,4 | 13,7% | 8,9% | 1,54 | 0,8 |
| Merk | | 2,8 | 20,8% | 12,3% | 1,69 | 1,1 |
| Sartorius | | 11,4 | 20,8% | 5,7% | 3,66 | 7,7 |
| Draegerwerk AG & Co KGaA | | 0,5 | NA | 2,0% | NA | NA |
| Honeywell | | 8,6 | 35,1% | 7,6% | 4,61 | 3,9 |
| 3M | | 4,5 | 42,6% | 7,5% | 5,68 | -1,2 |

The more the excess P/BV is high, the more the price is inflated from future expectations of growth derived from the intangibles. From this result, the consideration for GVS is that the intangibles are correctly priced and that there are companies – like Sartorius and Honeywell – that find investors in the social capital with high expectations of future growth.

## C.05 Energy prices estimates

*Source: Statista "Projected average electricity price in the United States from 2022 to 2050"*

| Period | Average (€/KwH) | Utilities and cleaning services | KWh used | Revenues €M) | Revenues per KWH |
|---|---|---|---|---|---|
| 2019 | 0,11 | 5.699,00 | 51.342,34 | 230,20 | 4,48 |
| 2020 | 0,12 | 6.646,00 | 57.791,30 | 365,21 | 6,32 |
| 2021 | 0,12 | 7.892,00 | 65.766,67 | 343,08 | 5,22 |
| 2022 | 0,13 | 14.199,00 | 108.389,31 | 392,03 | 3,62 |
| 2023 | 0,14 | 14.672,00 | 107.882,35 | 433,36 | 4,02 |
| **Last data** | | | | | **4,02** |
| Correlation between utilities expenditures and EUR/KWH | | | | | 0,9837 |

| | | Actual | | | | | Forecast | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
| *A)* | Revenues | 230.198 | 365.212 | 343.075 | 392.033 | 433.362 | 448.456 | 465.843 | 481.556 | 495.341 | 506.959 |
| *B)* | Utilities and Cleaning Services | 5.699 | 6.646 | 7.892 | 14.199 | 14.672 | | | | | |
| *C)* | Average €/KwH | 0,11 | 0,12 | 0,12 | 0,13 | 0,14 | | | | | |
| *D) = B/C* | KwH used | 51.342 | 57.791 | 65.767 | 108.389 | 107.882 | | | | | |
| *E) = A/D* | Revenues per KwH | 4,48 | 6,32 | 5,22 | 3,62 | 4,02 | 4,02 | 4,02 | 4,02 | 4,02 | 4,02 |
| *F) = A/E* | Kwh used (Assumptions) | | | | | | 111.640 | 115.968 | 119.880 | 123.311 | 126.204 |
| *G)* | Price per KwH (€) Forecasted | | | | | | 0,129 | 0,119 | 0,118 | 0,117 | 0,115 |
| *H)* | **Utilities and Cleaning Services** | | | | | | **14.378** | **13.829** | **14.140** | **14.384** | **14.557** |
| | *% on total revenues* | | | | | | *3,21%* | *2,97%* | *2,94%* | *2,90%* | *2,87%* |

## C.06 Product revenues evolution

| **Product evolution** | *Units* | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Healthcare Liquid | k€ | 54.727 | 60.074 | 69.553 | 80.254 | 100.107 | 181.297 | 212.782 | 219.166 | 225.741 | 231.384 | 236.012 | 239.552 |
| Healthcare Air & Gas | k€ | 23.923 | 23.692 | 26.307 | 58.665 | 48.607 | 30.031 | 35.246 | 36.304 | 37.393 | 38.328 | 39.094 | 39.681 |
| Laboratory | k€ | 16.289 | 17.716 | 19.279 | 20.185 | 31.602 | 34.057 | 39.972 | 41.171 | 42.406 | 43.466 | 44.335 | 45.000 |
| Healthcare & Lifesciences | | 94.939 | 101.482 | 115.139 | 159.104 | 180.316 | 245.385 | 288.000 | 296.640 | 305.539 | 313.178 | 319.441 | 324.233 |
| Powertrain & Drivertrain | k€ | 21.825 | 38.469 | 40.043 | 27.181 | 29.000 | 31.177 | 27.415 | 28.101 | 28.803 | 29.403 | 29.893 | 30.267 |
| Safety & Electronics | k€ | 21.487 | 25.869 | 23.123 | 20.597 | 21.626 | 22.315 | 19.623 | 20.113 | 20.616 | 21.046 | 21.396 | 21.664 |
| Sport & Utility | k€ | 8.937 | 22.783 | 24.732 | 17.415 | 20.089 | 23.838 | 20.962 | 21.486 | 22.023 | 22.482 | 22.857 | 23.142 |
| Energy & Mobility | | 52.249 | 87.121 | 87.898 | 65.193 | 70.715 | 77.330 | 68.000 | 69.700 | 71.443 | 72.931 | 74.146 | 75.073 |
| Personal Safety | k€ | 8.129 | 12.366 | 13.971 | 132.933 | 81.981 | 59.961 | 65.621 | 70.487 | 75.225 | 80.542 | 85.565 | 90.699 |
| Air Safety | k€ | 9.529 | 7.931 | 10.021 | 6.066 | 5.114 | 4.915 | 5.379 | 6.548 | 8.358 | 9.449 | 10.575 | 11.210 |
| Health & Safety | | 17.658 | 20.297 | 23.992 | 138.999 | 87.095 | 64.876 | 71.000 | 77.035 | 83.583 | 89.991 | 96.140 | 101.909 |

As presented from the business description, GVS sell different product for different business line. For the future we expect a similar path for the singular category:

a) For the H&LS division, the split inside the business line will be the same, being the entire division very strong and the core-market of GVS
b) For the E&M division, despite lower sales and a downward trend, we expect GVS to turn out to be able to maintain and increase its future sales, with an internal split on identical products
c) For the H&S division, with the investment made in RPB and their new niches of Air Safety, we expect target of the 10% of revenue from their product for 2025E, and a 12% from 2028E – from act. 2023 8%)

## Financial Competitive Analysis

| Company | Revenue 5Y CAGR | EBIT Margin | EBITDA Margin | ROA (EURm) | ROE (EURm) | CAPEX /Revenues | 5 Year Beta | Market Cap (EURm) | EV/EBIT | EV/EBITDA | EV /Revenue | P/BV | P/E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GVS SpA** | **16,7%** | **10,9%** | **21,3%** | **(0,1)** | **(0,3)** | **5,9%** | **0,44** | **896** | **30,1x** | **14,4x** | **2,8x** | **2,7x** | **-** |
| **Healthcare & Life Science** | | | | | | | | | | | | | |
| Merck KGaA | 10,6% | 22,5% | 30,8% | 6,3 | 11,7 | 8,1% | 0,61 | 68 760 | 16,5x | 11,9x | 3,6x | 2,6x | 22,3x |
| Sartorius AG | 16,8% | 25,6% | 33,6% | 10,0 | 26,7 | 12,5% | 0,44 | 21 932 | 27,3x | 20,4x | 6,5x | 8,9x | 36,5x |
| STERIS plc | 15,5% | 16,0% | 26,9% | 1,1 | 1,9 | 7,3% | 0,79 | 20 479 | 29,9x | 17,8x | 4,8x | 3,5x | 186,4x |
| Danaher Corp | 7,5% | 24,8% | 32,1% | 7,6 | 13,0 | 3,7% | 0,84 | 173 306 | 30,8x | 22,8x | 7,6x | 3,1x | 30,4x |
| Resmed Inc | 12,8% | 27,3% | 31,2% | 15,2 | 24,0 | 3,2% | 0,68 | 20 577 | 19,9x | 17,4x | 5,4x | 5,3x | 24,3x |
| Asahi Kasei Corp | 5,9% | 3,7% | 10,3% | (3,0) | (6,2) | 6,3% | 1,33 | 8 299 | 21,0x | 7,5x | 0,8x | 0,7x | n/a |
| Medtronic PLC | 0,5% | 21,1% | 29,6% | 4,0 | 7,0 | 4,7% | 0,79 | 98 638 | 18,3x | 13,0x | 3,9x | 2,0x | 28,8x |
| Becton Dickinson and Co | 2,9% | 13,9% | 25,9% | 3,1 | 6,1 | 5,2% | 0,44 | 70 957 | 32,3x | 17,8x | 4,8x | 2,9x | 46,8x |
| ICU Medical Inc | 13,0% | 2,5% | 12,5% | (1,1) | (2,3) | 4,4% | 0,67 | 2 718 | 73,4x | 15,0x | 1,9x | 1,4x | n/a |
| Baxter International Inc | 7,8% | 11,1% | 19,6% | (9,4) | (39,0) | 4,5% | 0,62 | 18 081 | 23,0x | 13,3x | 2,3x | 3,4x | n/a |
| **Healthcare & Life Sciences Median** | **9,2%** | **18,5%** | **28,3%** | **3,6** | **6,6** | **4,9%** | **0,67** | **21 254** | **25,1x** | **16,2x** | **4,3x** | **3,0x** | **30,4x** |
| **Healthcare & Life Sciences Average** | **9,3%** | **16,8%** | **25,3%** | **3,4** | **4,3** | **6,0%** | **0,72** | **50 375** | **29,2x** | **15,7x** | **4,2x** | **3,4x** | **53,7x** |
| **Healthcare and Safety** | | | | | | | | | | | | | |
| 3M Co | 0,4% | 20,7% | 26,3% | (3,1) | (13,6) | 5,1% | 1,01 | 48 891 | 9,3x | 7,3x | 1,9x | 6,6x | n/a |
| MSA Safety Inc | 3,0% | 19,9% | 23,4% | 0,6 | 1,6 | 2,9% | 0,99 | 5 862 | 20,6x | 17,6x | 4,1x | 7,5x | 489,4x |
| Honeywell International Inc | 0,0% | 20,7% | 23,9% | 8,8 | 31,3 | 2,2% | 1,03 | 116 045 | 16,9x | 14,8x | 3,8x | 7,1x | 22,9x |
| Avon Protection PLC | 10,5% | 8,8% | 17,0% | 3,2 | 6,2 | 3,4% | 0,22 | 216 | 11,0x | 6,4x | 1,3x | 1,2x | 18,5x |
| Draegerwerk AG & Co KGaA | 4,1% | 2,3% | 6,8% | 1,4 | 3,1 | 2,9% | -0,33 | 751 | 13,0x | 4,7x | 0,3x | 0,5x | 17,4x |
| **Healthcare & Safety Median** | **3,0%** | **19,9%** | **23,4%** | **1,4** | **3,1** | **2,9%** | **0,99** | **5 862** | **13,0x** | **7,3x** | **1,9x** | **6,6x** | **20,7x** |
| **Healthcare & Safety Average** | **3,6%** | **14,5%** | **19,5%** | **2,2** | **5,7** | **3,3%** | **0,59** | **34 353** | **14,2x** | **10,2x** | **2,3x** | **4,6x** | **137,0x** |
| **Energy and Mobility** | | | | | | | | | | | | | |
| Compagnie Plastic Omnium SE | 4,2% | 3,1% | 8,5% | 2,4 | 8,2 | 4,5% | 1,79 | 2 241 | 12,4x | 4,6x | 0,4x | 1,2x | 13,6x |
| Atmus Filtration Technologies Inc | n/a | 12,6% | 13,9% | n/a | n/a | 2,1% | n/a | 1 643 | 11,0x | 10,0x | 1,4x | 1 157,8x | 9,4x |
| Schaeffler AG | 2,6% | 8,1% | 14,1% | 4,2 | 15,1 | 5,0% | 1,31 | 906 | 3,7x | 2,0x | 0,3x | 0,9x | 5,7x |
| TI Fluid Systems PLC | -1,5% | 4,4% | 10,0% | (8,3) | (30,2) | 3,6% | 1,64 | 740 | n/a | 31,4x | 0,4x | 1,1x | n/a |
| Donaldson Company Inc | 4,8% | 14,0% | 16,7% | 13,4 | 29,2 | 3,5% | 1,08 | 6 810 | 16,0x | 13,4x | 2,2x | 5,5x | 20,5x |
| Sogefi SpA | -0,3% | 6,3% | 13,3% | 3,4 | 16,5 | 6,4% | 1,56 | 179 | 4,3x | 2,0x | 0,3x | 0,7x | 4,4x |
| Garrett Motion Inc | 1,6% | 13,0% | 15,2% | 13,8 | n/a | 2,5% | n/a | 1 929 | 6,4x | 5,5x | 0,9x | (3,3x) | n/a |
| Norma Group SE | 3,5% | 4,2% | 10,6% | 2,0 | 4,4 | 4,4% | 1,57 | 559 | 16,9x | 7,0x | 0,8x | 0,8x | 18,3x |
| **Energy & Mobility Median** | **2,6%** | **7,2%** | **13,6%** | **3,4** | **11,6** | **4,0%** | **1,57** | **1 274** | **11,0x** | **6,3x** | **0,6x** | **1,0x** | **11,5x** |
| **Energy & Mobility Average** | **2,1%** | **8,2%** | **12,8%** | **4,4** | **7,2** | **4,0%** | **1,49** | **1 876** | **10,1x** | **9,5x** | **0,8x** | **145,6x** | **12,0x** |
| **Median** | **4,1%** | **13,0%** | **17,0%** | **3,2** | **6,2** | **4,4%** | **0,84** | **6 810** | **16,9x** | **13,0x** | **1,9x** | **2,6x** | **22,3x** |
| **Average** | **5,7%** | **13,3%** | **19,7%** | **3,4** | **5,5** | **4,7%** | **0,91** | **30 022** | **19,7x** | **12,3x** | **2,6x** | **53,1x** | **58,6x** |
| **Divisional Median** | **7,1%** | **17,0%** | **25,1%** | **3,2** | **6,8** | **4,4%** | **0,87** | **15 480** | **20,8x** | **13,1x** | **3,3x** | **3,3x** | **25,7x** |
| **Divisional Average** | **7,2%** | **15,1%** | **22,3%** | **3,4** | **5,0** | **5,2%** | **0,82** | **39 931** | **23,6x** | **13,8x** | **3,3x** | **26,3x** | **60,9x** |

## D.01 ESG / Ranking

| Rank | Company | ESG Score | Environmental Score | Social Score | Governance Score |
|---|---|---|---|---|---|
| 1 | 3M Co | 90,2 | 88,0 | 94,0 | 87,4 |
| 2 | Merck KGaA | 86,6 | 89,2 | 95,8 | 71,1 |
| 3 | Sartorius AG | 84,4 | 61,8 | 89,6 | 88,2 |
| 4 | Becton Dickinson and Co | 82,9 | 77,7 | 94,7 | 69,8 |
| 5 | Baxter International Inc | 82,5 | 76,0 | 84,8 | 82,3 |
| 6 | Garrett Motion Inc | 82,39 | 79,55 | 80,41 | 89,75 |
| 7 | Honeywell International Inc | 81,8 | 81,2 | 81,1 | 84,0 |
| 8 | Norma Group SE | 81,5 | 74,5 | 81,5 | 89,8 |
| 9 | Medtronic PLC | 78,1 | 76,4 | 88,7 | 64,9 |
| 10 | Schaeffler AG | 77,89 | 86,44 | 80,54 | 61,41 |
| 11 | Danaher Corp | 77,5 | 69,9 | 87,3 | 68,2 |
| 12 | Asahi Kasei Corp | 76,8 | 90,2 | 82,4 | 43,6 |
| 13 | MSA Safety Inc | 75,2 | 60,7 | 90,3 | 66,1 |
| 14 | Resmed Inc | 72,0 | 78,9 | 86,2 | 50,1 |
| 15 | Draegerwerk AG & Co KGaA | 64,0 | 72,8 | 87,1 | 29,5 |
| 16 | GVS SpA | 56,5 | 46,8 | 66,6 | 47,6 |
| 17 | TI Fluid Systems PLC | 55,73 | 38,36 | 53,25 | 84,29 |
| 18 | Compagnie Plastic Omnium SE | 55,6 | 54,6 | 65,7 | 39,6 |
| 19 | Donaldson Company Inc | 55,39 | 59,98 | 71,68 | 31,37 |
| 20 | STERIS plc | 54,7 | 48,4 | 77,3 | 27,8 |
| 21 | Avon Protection PLC | 51,6 | 20,1 | 52,2 | 73,7 |
| 22 | ICU Medical Inc | 46,8 | 20,8 | 50,7 | 53,9 |
| | *Atmus Filtration Technologies Inc* | *n/a* | *n/a* | *n/a* | *n/a* |
| | *Sogefi SpA* | *n/a* | *n/a* | *n/a* | *n/a* |

Source: Refinitiv

| Rank | Company Name | ESG Score | Environmental Pillar Score | Social Pillar Score | Governance Pillar Score |
|---|---|---|---|---|---|
| **Healthcare & Life Sciences** | | | | | |
| 1 | Merck KGaA | 86,6 | 89,2 | 95,8 | 71,1 |
| 2 | Sartorius AG | 84,4 | 61,8 | 89,6 | 88,2 |
| 3 | Becton Dickinson and Co | 82,9 | 77,7 | 94,7 | 69,8 |
| 4 | Baxter International Inc | 82,5 | 76,0 | 84,8 | 82,3 |
| 5 | Medtronic PLC | 78,1 | 76,4 | 88,7 | 64,9 |
| 6 | Danaher Corp | 77,5 | 69,9 | 87,3 | 68,2 |
| 7 | Asahi Kasei Corp | 76,8 | 90,2 | 82,4 | 43,6 |
| 8 | Resmed Inc | 72,0 | 78,9 | 86,2 | 50,1 |
| 9 | GVS SpA | 56,5 | 46,8 | 66,6 | 47,6 |
| 10 | STERIS plc | 54,7 | 48,4 | 77,3 | 27,8 |
| 11 | ICU Medical Inc | 46,8 | 20,8 | 50,7 | 53,9 |
| **Health & Safety** | | | | | |
| 1 | 3M Co | 90,2 | 88,0 | 94,0 | 87,4 |
| 2 | Honeywell International Inc | 81,8 | 81,2 | 81,1 | 84,0 |
| 3 | MSA Safety Inc | 75,2 | 60,7 | 90,3 | 66,1 |
| 4 | Draegerwerk AG & Co KGaA | 64,0 | 72,8 | 87,1 | 29,5 |
| 5 | GVS SpA | 56,5 | 46,8 | 66,6 | 47,6 |
| 6 | Avon Protection PLC | 51,6 | 20,1 | 52,2 | 73,7 |
| **Energy & Mobility** | | | | | |
| 1 | Garrett Motion Inc | 82,4 | 79,6 | 80,4 | 89,8 |
| 2 | Norma Group SE | 81,5 | 74,5 | 81,5 | 89,8 |
| 3 | Schaeffler AG | 77,9 | 86,4 | 80,5 | 61,4 |
| 4 | GVS SpA | 56,5 | 46,8 | 66,6 | 47,6 |
| 5 | TI Fluid Systems PLC | 55,7 | 38,4 | 53,3 | 84,3 |
| 6 | Compagnie Plastic Omnium SE | 55,6 | 54,6 | 65,7 | 39,6 |
| 7 | Donaldson Company Inc | 55,4 | 60,0 | 71,7 | 31,4 |
| 8 | Atmus Filtration Technologies Inc | n/a | n/a | n/a | n/a |
| 9 | Sogefi SpA | n/a | n/a | n/a | n/a |

Source: Refinitiv

## D.02 ESG Integrated Method

**Environmental**

| EUR | | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Greenhouse gas (GHG) emissions (EUR/kgCO2eq) | | 0,15 | 0,15 | 0,15 | 0,16 | 0,16 | 0,16 | 0,17 |
| Scope 1 CO2 Emissions (kgCO2eq) | *attribution factor 100%* | 4 735 000 | 3 314 500 | 2 320 150 | 1 624 105 | 1 136 874 | 795 811 | 557 068 |
| Scope 2 CO2 Emissions (kgCO2eq) | *attribution factor 25%* | 3 962 500 | 2 773 750 | 1 941 625 | 1 359 138 | 951 396 | 665 977 | 466 184 |
| Negative Effects due to CO2 Emissions | | 1 278 533 | 912 872 | 651 791 | 465 379 | 332 280 | 237 248 | 169 395 |
| Toxic Emissions to Industrial Soil (EUR/kg) | | 0,0003 | 0,0003 | 0,0003 | 0,0003 | 0,0003 | 0,0003 | 0,0003 |
| Waste Use (kg) | | 4 916 000 | 4 719 360 | 4 530 586 | 4 349 362 | 4 175 388 | 4 008 372 | 3 848 037 |
| Negative Effects Due to Waste | | 1 475 | 1 444 | 1 414 | 1 385 | 1 356 | 1 328 | 1 300 |
| Scarce Water Use (EUR/m3) | | 1,29 | 1,32 | 1,34 | 1,37 | 1,40 | 1,42 | 1,45 |
| Water Withdrawal | | 113 053 | 79 137 | 55 396 | 38 777 | 27 144 | 19 001 | 13 301 |
| Negative Effects due to Water Withdrawal | | 145 838 | 104 129 | 74 348 | 53 084 | 37 902 | 27 062 | 19 322 |
| | | | | | | | | |
| Effects Due to Environmental Attributions (Undiscounted) | | (1 425 846) | (1 018 445) | (727 553) | (519 848) | (371 538) | (265 638) | (190 018) |
| Discount Period | | | *0,5* | *1,5* | *2,5* | *3,5* | *4,5* | *5,5* |
| Discount Rate Min | 2% | | | | | | | |
| Discount Factor Max | | | 0,99 | 0,97 | 0,95 | 0,93 | 0,91 | 0,90 |
| Effects Due to Environmental Attributions | | | (1 008 411) | (706 259) | (494 738) | (346 660) | (242 991) | (170 409) |

Source: Company Data, True Price

**Social**

| EUR | | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Tax Paid | | 10 505 | 11 000 | 19 862 | 23 417 | 26 110 | 27 990 | 29 727 |
| Positive Effects on Employee Health and Safety | | 10 505 | 11 000 | 19 862 | 23 417 | 26 110 | 27 990 | 29 727 |
| Occupational Injuries (EUR/Incident) | | 2 690 | 2 744 | 2 799 | 2 855 | 2 912 | 2 970 | 3 029 |
| Occupational Accidents | | 45 | 44 | 43 | 42 | 42 | 41 | 40 |
| Negative Effects on Employee Health and Safety | | (121 050) | (121 002) | (120 953) | (120 905) | (120 856) | (120 808) | (120 760) |
| | | | | | | | | |
| Effects due to Social Attributions (Undiscounted) | | (110 545) | (110 001) | (101 091) | (97 488) | (94 746) | (92 818) | (91 032) |
| Discount Period | | | *0,5* | *1,5* | *2,5* | *3,5* | *4,5* | *5,5* |
| Discount Rate Min | 2% | | | | | | | |
| Discount Factor Max | | | 0,99 | 0,97 | 0,95 | 0,93 | 0,91 | 0,90 |
| Effects due to Social Attributions | | | (108 918) | (98 133) | (92 779) | (88 402) | (84 904) | (81 639) |

Source: Company Data, True Price

| EURm | |
|---|---|
| Enterprise Value | 105 359 |
| Environmental Value | (2 969) |
| Social Value | (555) |
| **Integrated Value** | **101 835** |