



SHADOW TEAM

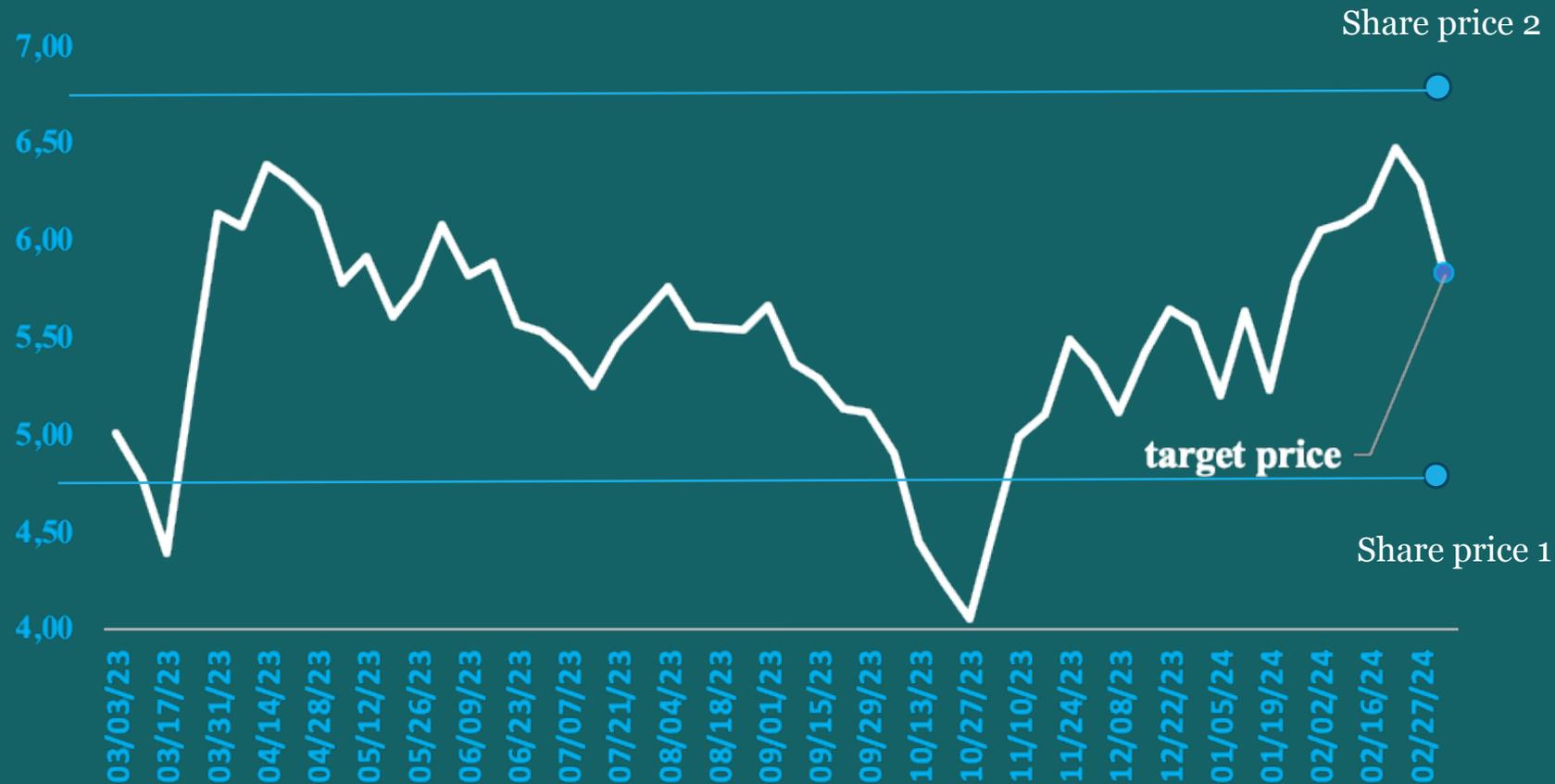
Investment Summary

Ticker: GVS.MI

Market cap: 1074,54 Mil.

Reference price: 6,14€

Target price: 5,83€



HOLD

Investment Summary

Low Marginality and ROI

Actually, society's ROI is way lower than the pre-COVID levels and management's efforts to restore profitability are hindered by the company's financial structure.

High Debt Exposure

The company is experiencing a notably high ROD, raising significant concerns about its ability to effectively manage debt

Geopolitical tensions

Russia-Ukraine conflict

Red Sea tension

Draught of Suez Canal

Risks

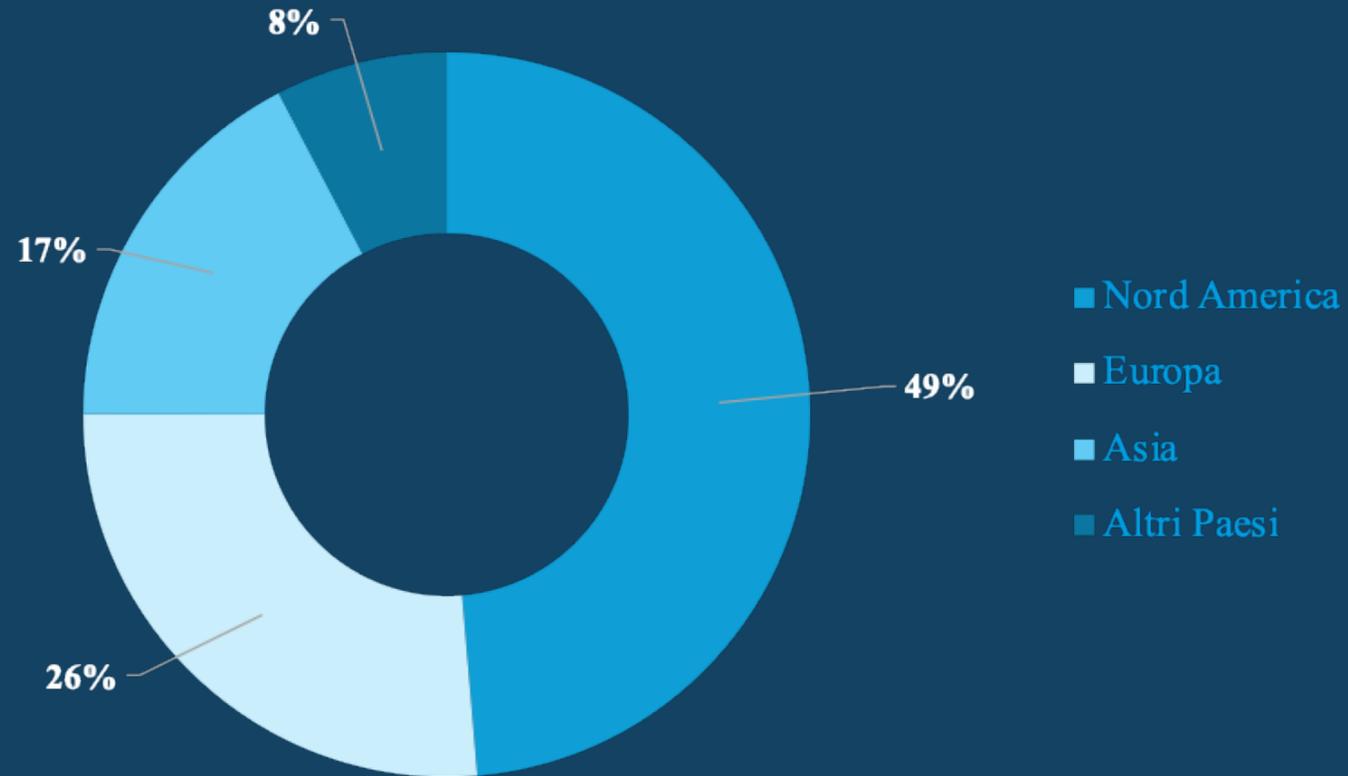
MARKET RISK

COMPANY RISK

FINANCIAL RISK

Business Overview

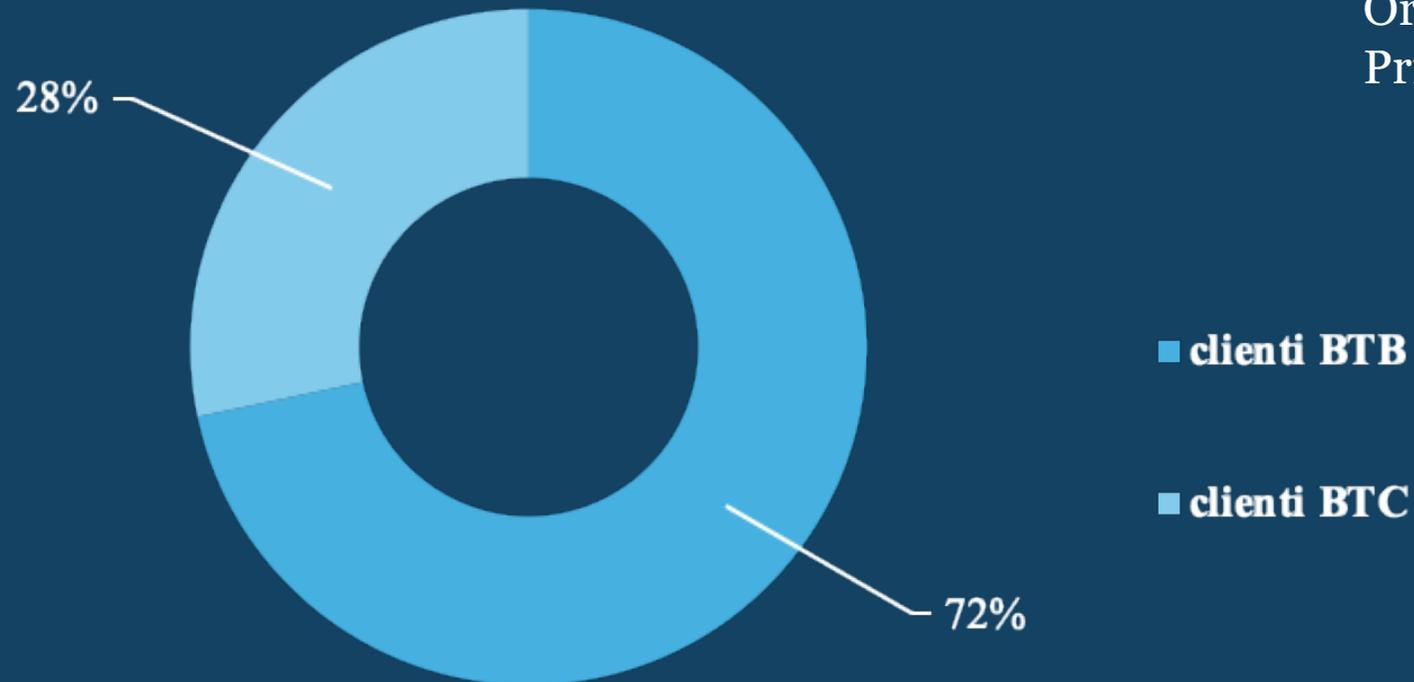
Geographic segmentation of the revenues



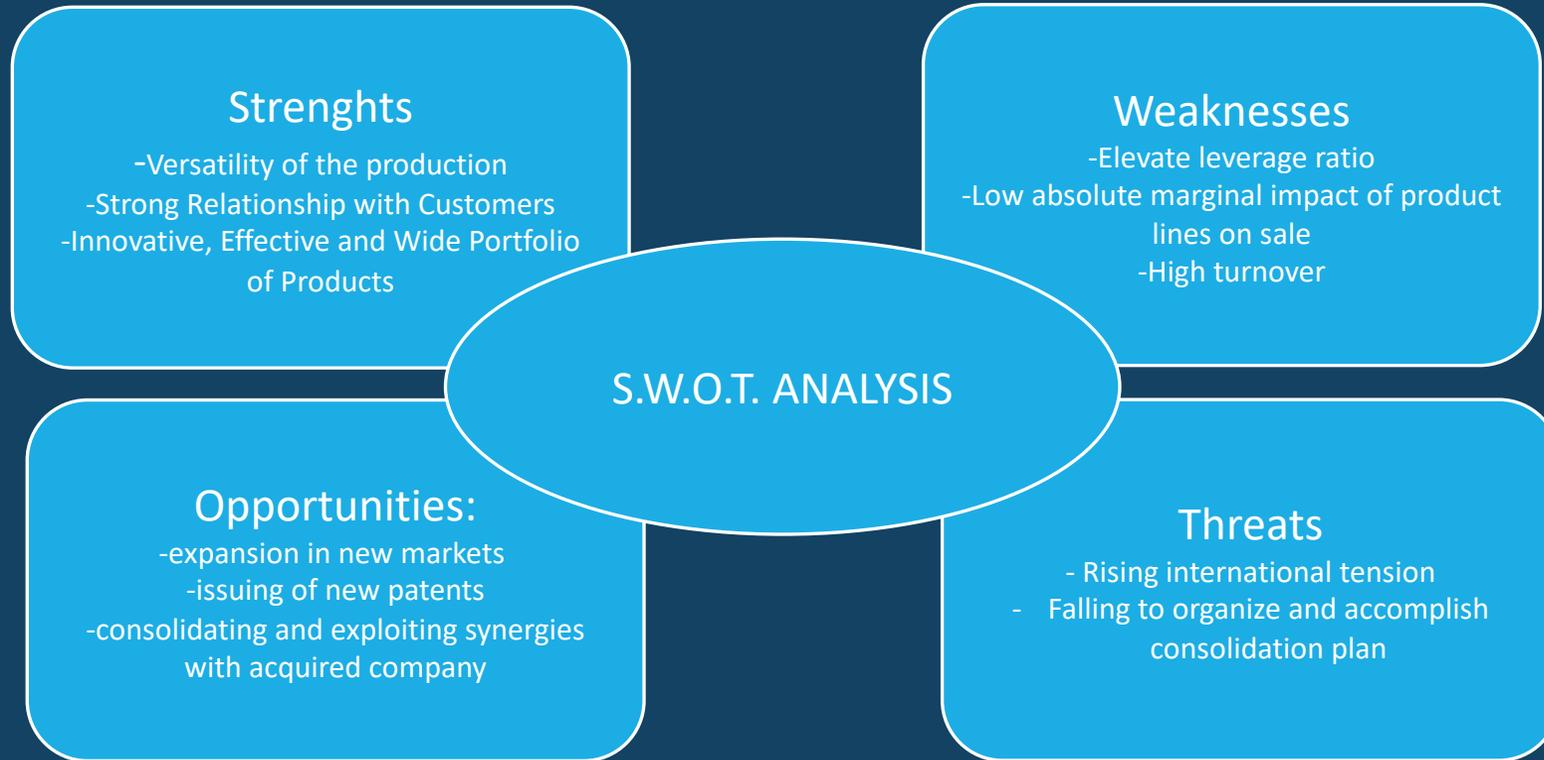
Business Overview

Business approach and relative causes

Longer sales Cycles
Order size and frequency
Price negotiations

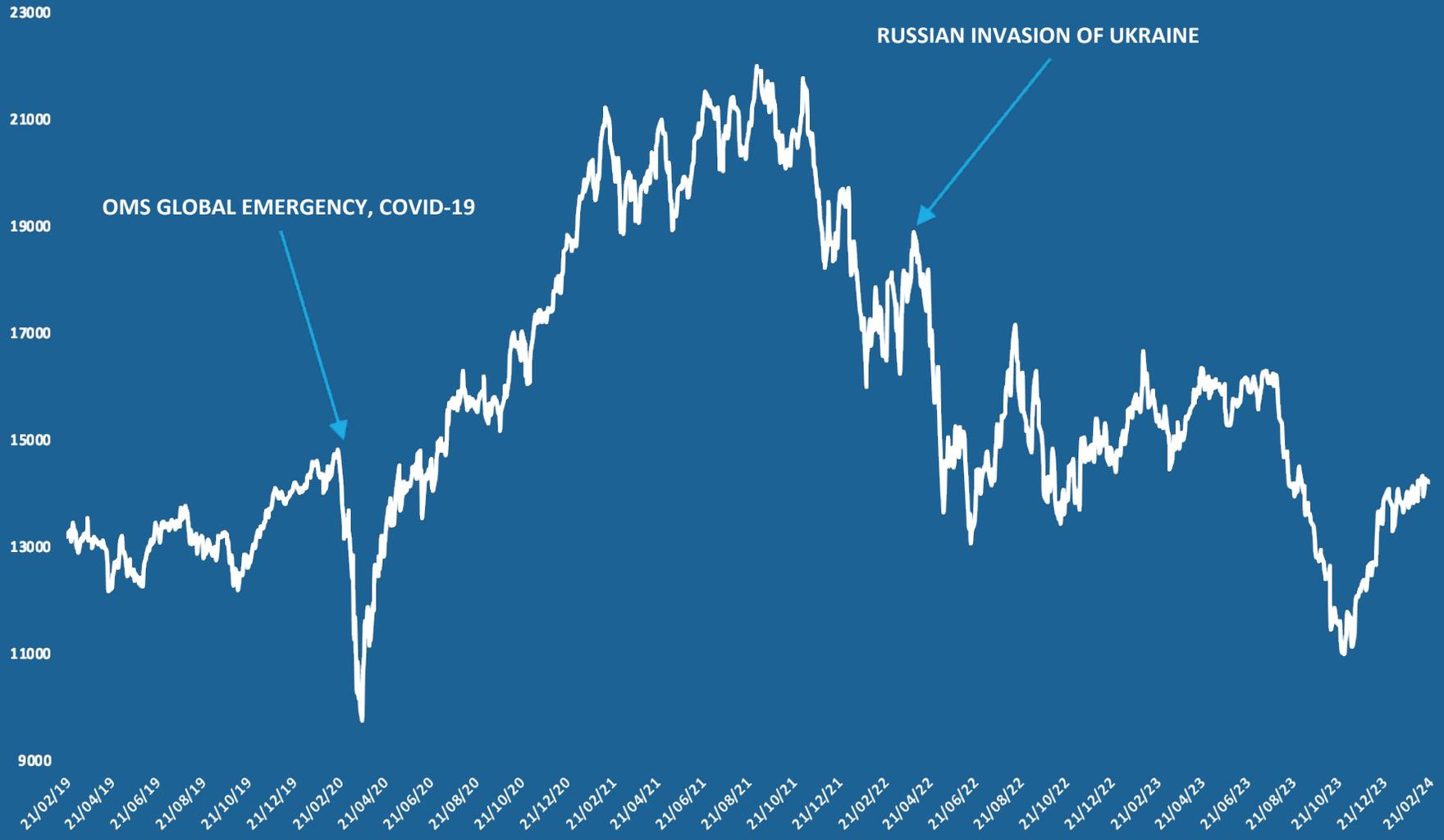


Business Overview



Industry Overview

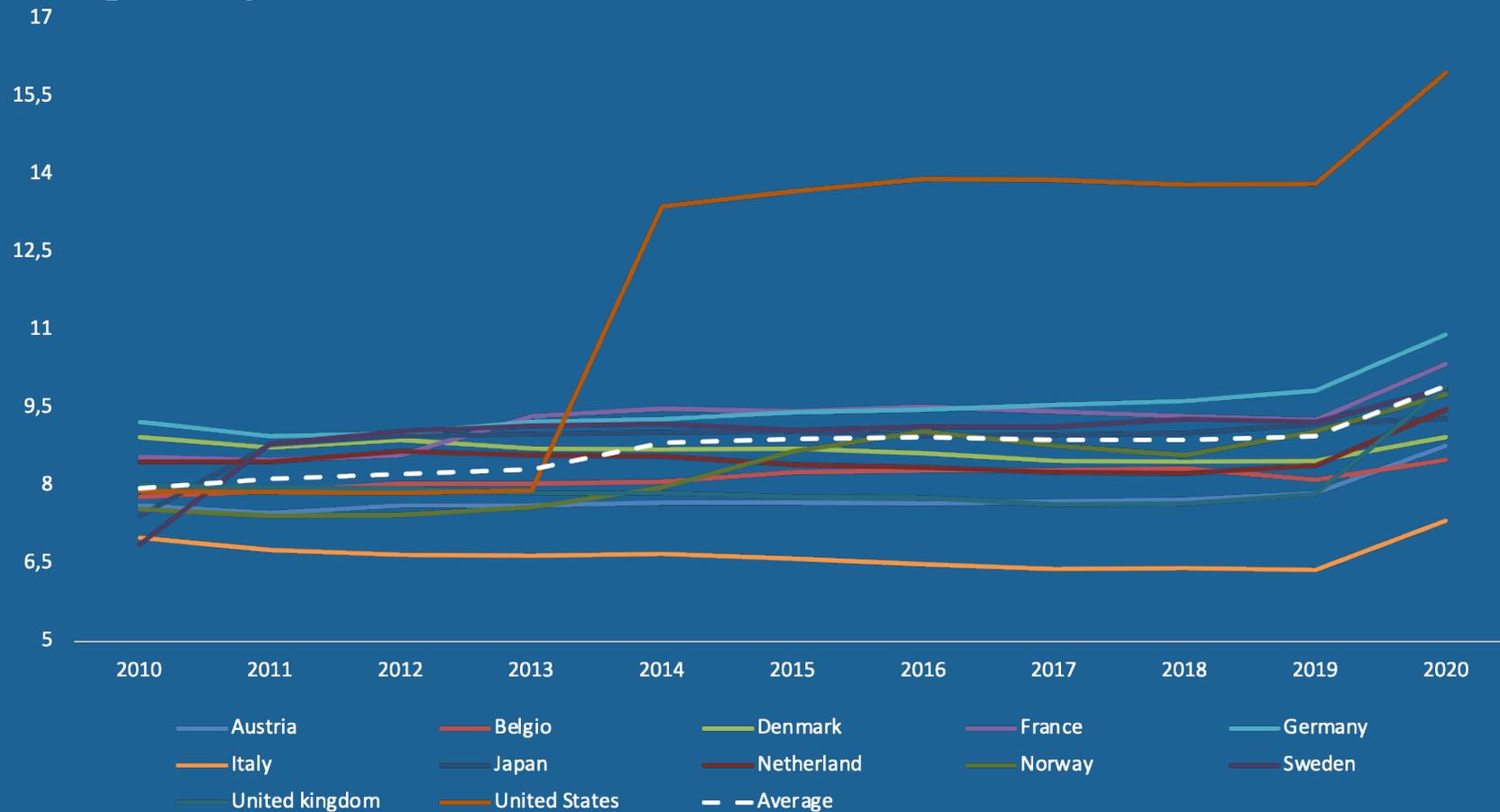
S&P Health Care Equipment And Select



Industry Overview

Contributing factor to the development of the industry

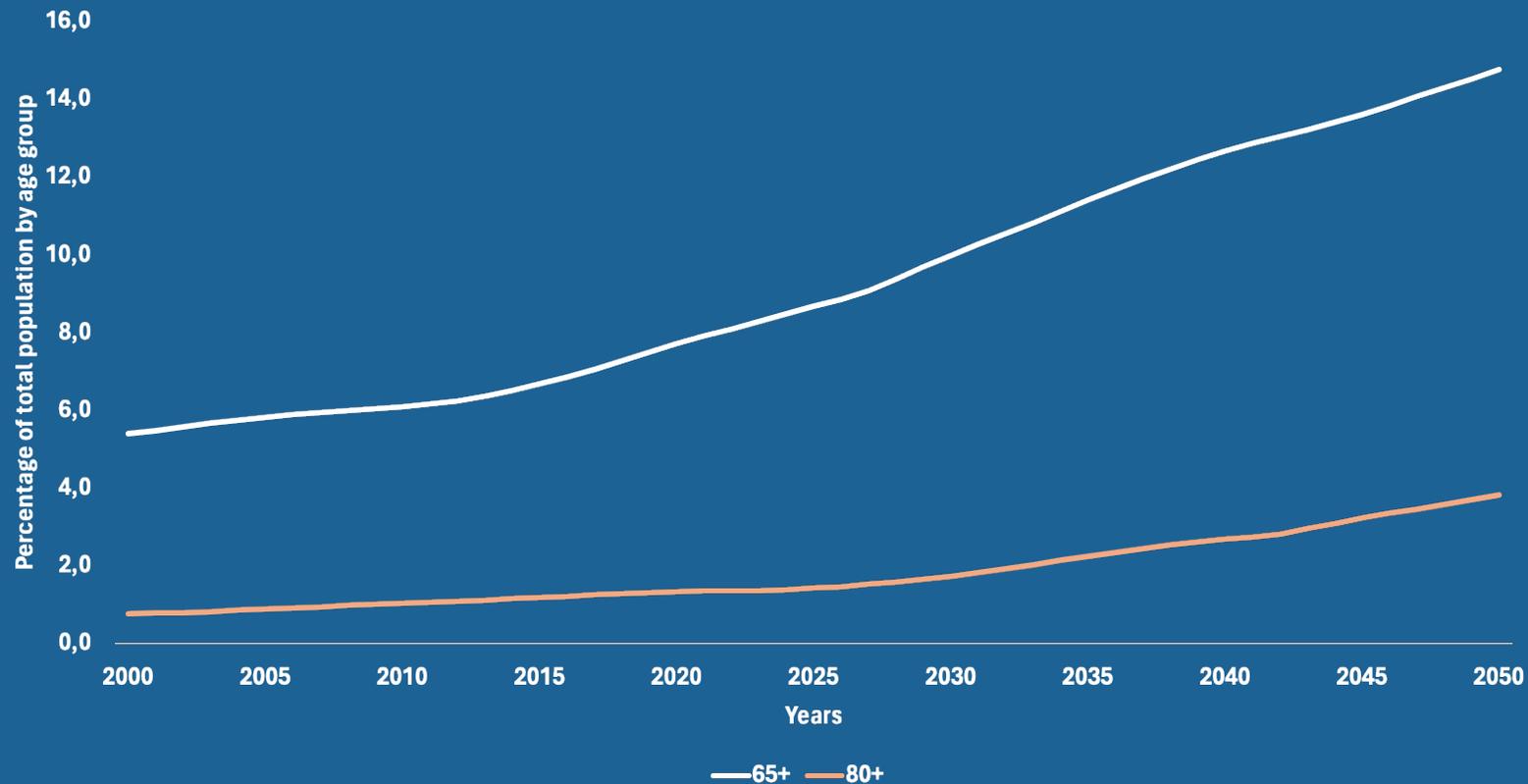
1. Growth of the Healthcare Spending



Industry Overview

Contributing factor to the development of the industry

2. Aging population



Industry Overview

Contributing factor to the development of the industry

3. Healthcare 4.0



Prediction of illnesses
Data analysis

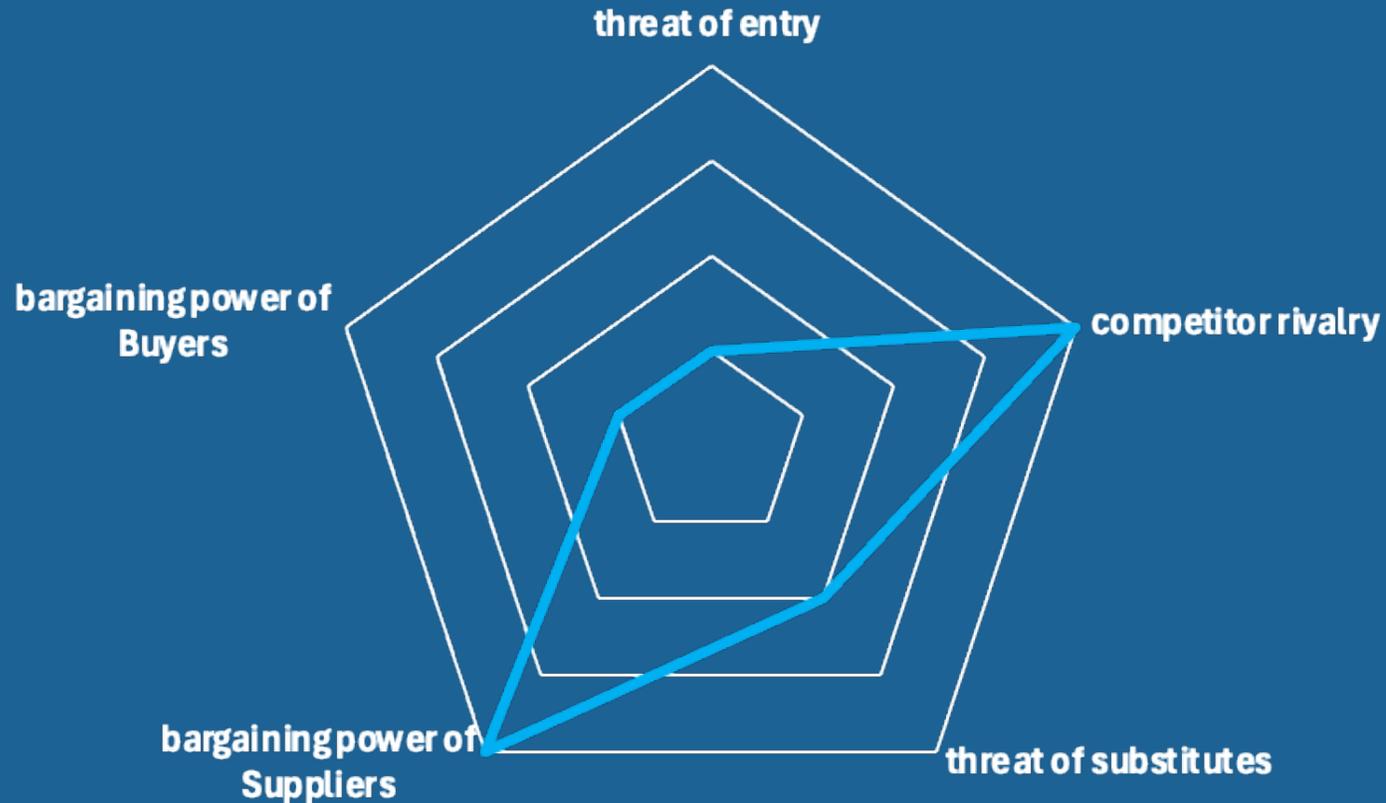
4. Global warming



Industry Overview

Competitive Positioning

Porter's Five Force Analysis



Investment risk



Investment risk

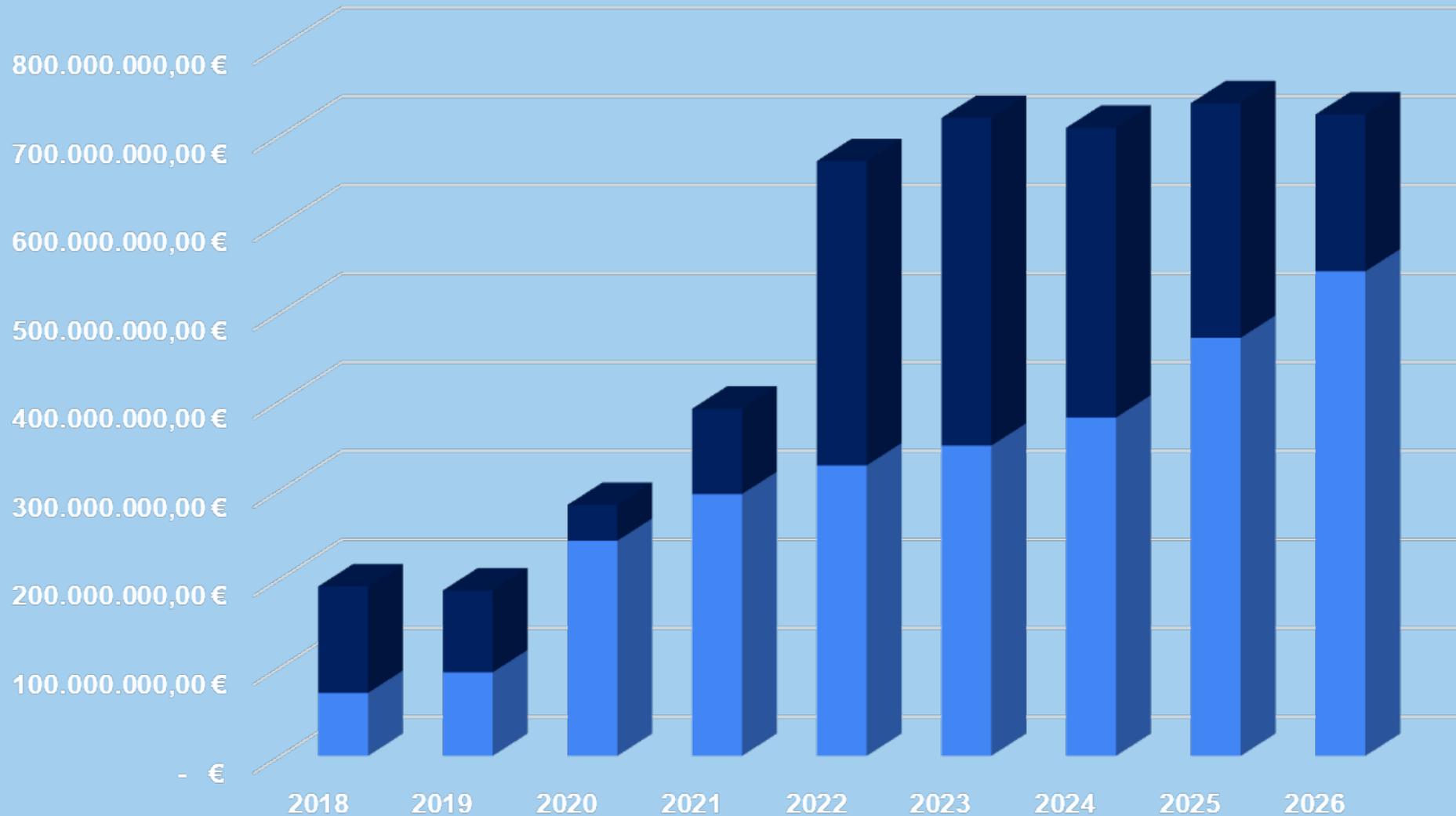


Investment risk



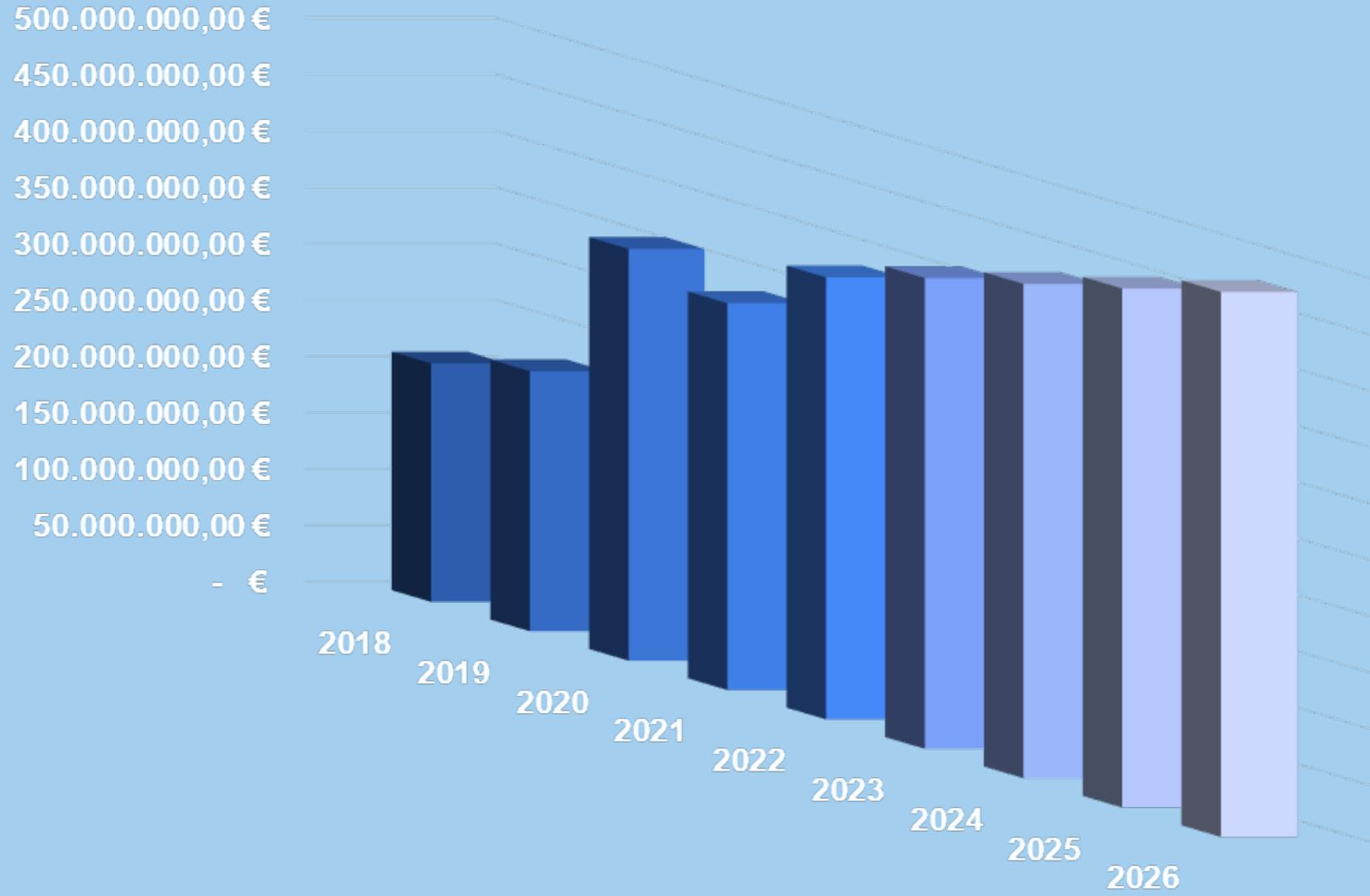
Financial Analysis

Hystorical and perspective Net Invested Capital



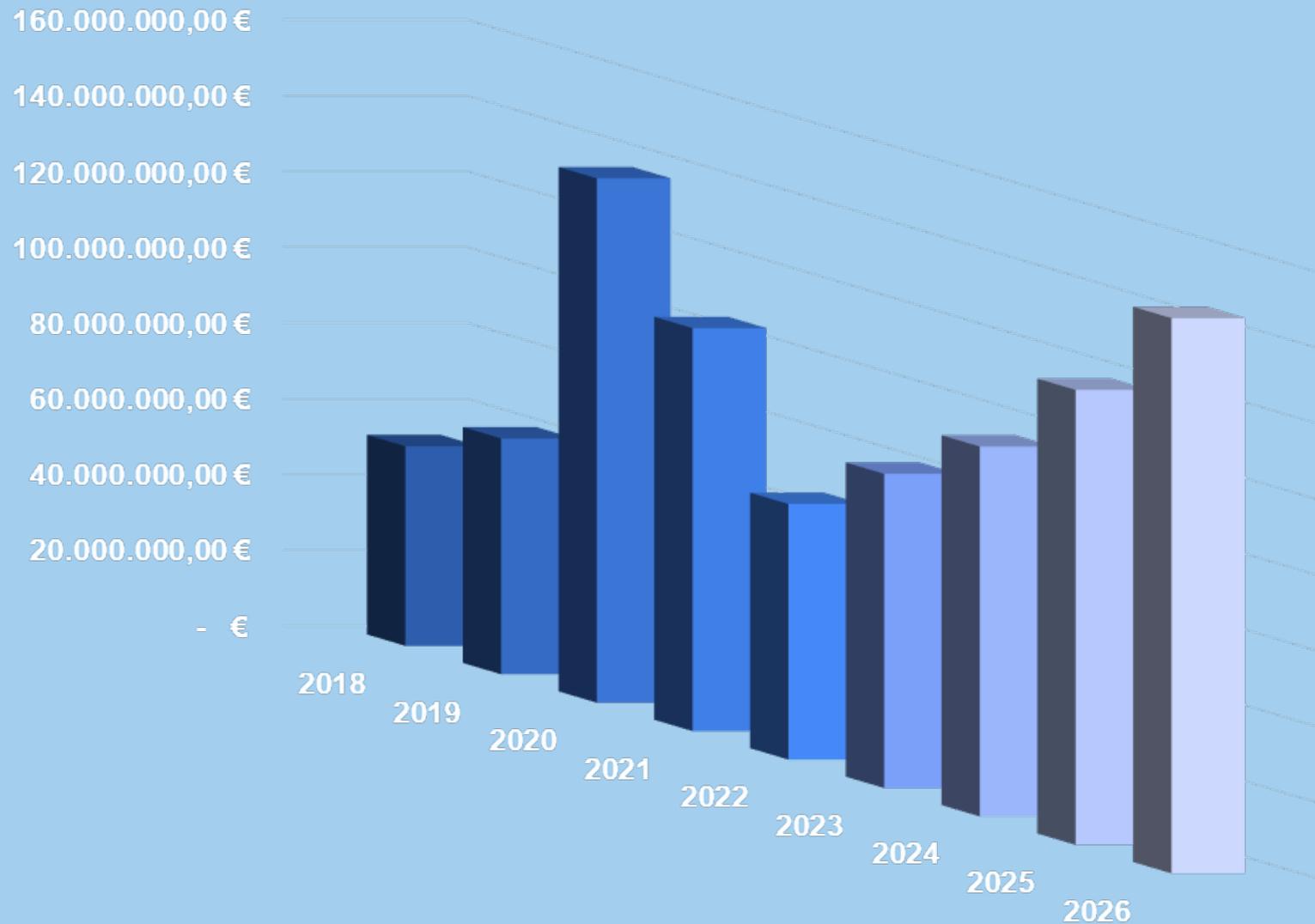
Financial Analysis

Hystorical and perspective revenues



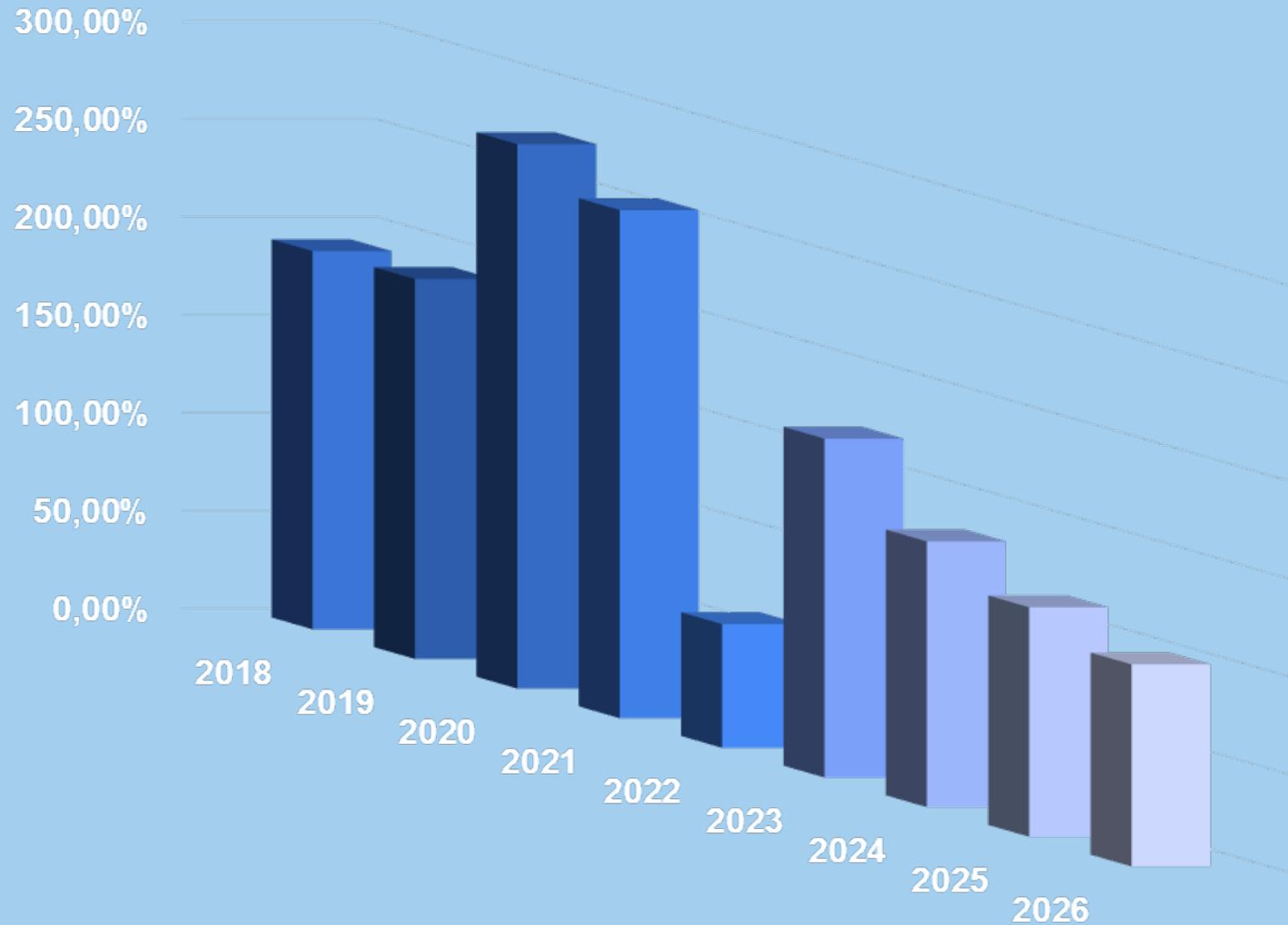
Financial Analysis

EBITDA growth margin



Financial Analysis

Hystorical and perspective current ratio



Valuation

Framework of the case

Right place at the right time

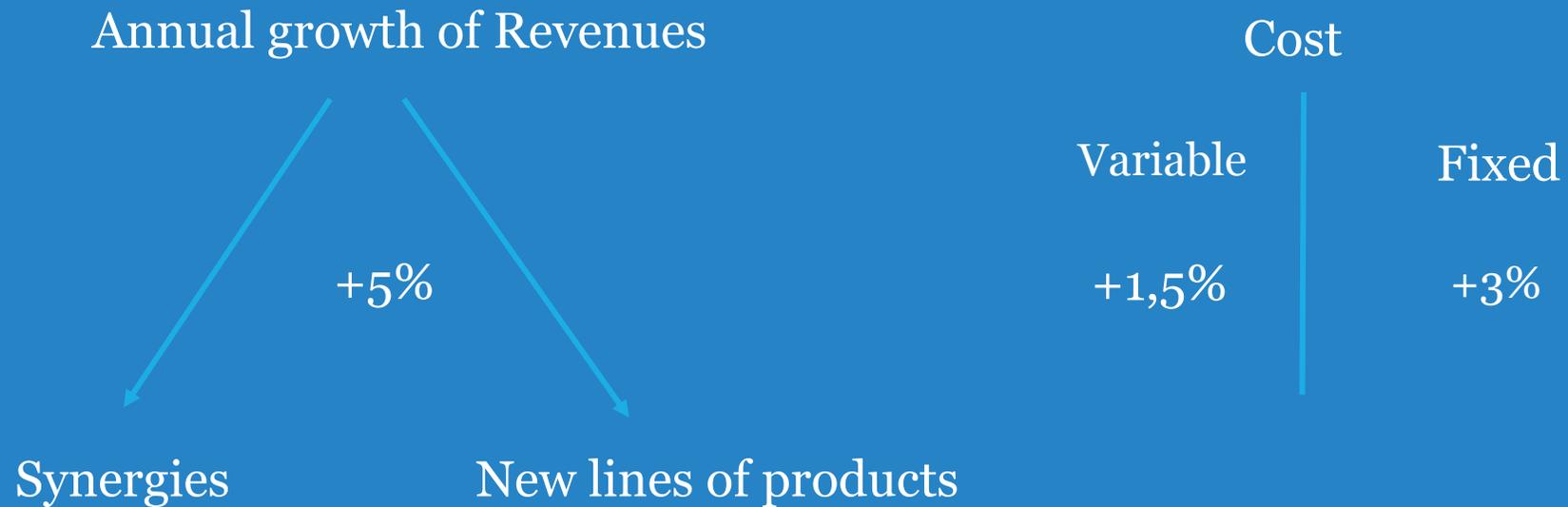
M&A

Recent story and an uncertain future

Will the company be able to recover its availability of Cash flow?
Decreasing the cost for debt's service

Valuation

Assumptions for the forecast



Recover its profitability in the near future

Valuation

Geographic Area	RISK FREE RATE		Geographic Area	RISK PREMIUM	
	% revenues	10y T-bond		Expected return	Excess of return
North america	48,66%	3.91%	S&P 500	10,59%	6,68%
Asia	17,32%	2.68%	S&P 500 China	3,89%	1,21%
Europe	26,38%	0.14%	S&P 350 Europe	3,89%	3,75%

Wacc components

rf r (10y T-bond)	2,70%
Rp	4,49%
Beta	0,4
Ke	4,24%
Pre-tax cost of debt	4,61%
Tax rate	24,00%
After tax cost of debt	3,33%
WACC	3,78%

Valuation

TERMINAL VALUE

Why considering NOPLAT?

Noplat as a proxy of the FCFF, once the society have extinguished debts

Valuation

TERMINAL VALUE

1° TV

Average of historical
NOPLAT, excluding the
2020/21FY which have experienced an unu-
sual growth devoted to the COVID-19

2° TV

Considering the 2023FY
NOPLAT

Keeping count of the results registered by the company

Valuation

Excluding tax rate

1° scenario

2° scenario

Implied Share Price Calculation

Sum of PV of FCF	€ 199.613
Growth Rate	0,75%
WACC	3,78%
Noplat	€ 29.000
PV of Terminal Value	€ 963.630
Enterprise Value	€ 1.163.244
(+) Cash	€193.618
(-) Debt	€ 496.645
(-) Minority Interest	
Equity Value	€ 860.217
Diluted Shares Outstanding (mm)	175.000
Implied Share Price	€ 4,92

Implied Share Price Calculation

Sum of PV of FCF	€ 199.613
Growth Rate	0,75%
WACC	3,782%
Noplat	€ 41.844
PV of Terminal Value	€ 1.281.310
Enterprise Value	€ 1.480.924
(+) Cash	€193.618
(-) Debt	€ 496.645
(-) Minority Interest	
Equity Value	€ 1.177.898
Diluted Shares Outstanding (mm)	175.000
Implied Share Price	€ 6,73

All values are expressed in thousands of Euros (except for prices, g rates and wacc)

Valuation

Considering tax rate

1° scenario

Implied Share Price Calculation	
Sum of PV of FCF	€ 240.800,88
Growth Rate	0,75%
WACC	4,61%
Terminal Value	€ 35.784,87
PV of Terminal Value	€ 934.115,00
Enterprise Value	€ 1.174.915,88
(+) Cash	193.618,70 €
(-) Debt	€ 496.645,00
(-) Minority Interest	
Equity Value	€ 871.889,58
Diluted Shares Outstanding (mm)	175000
Implied Share Price	€ 4,98

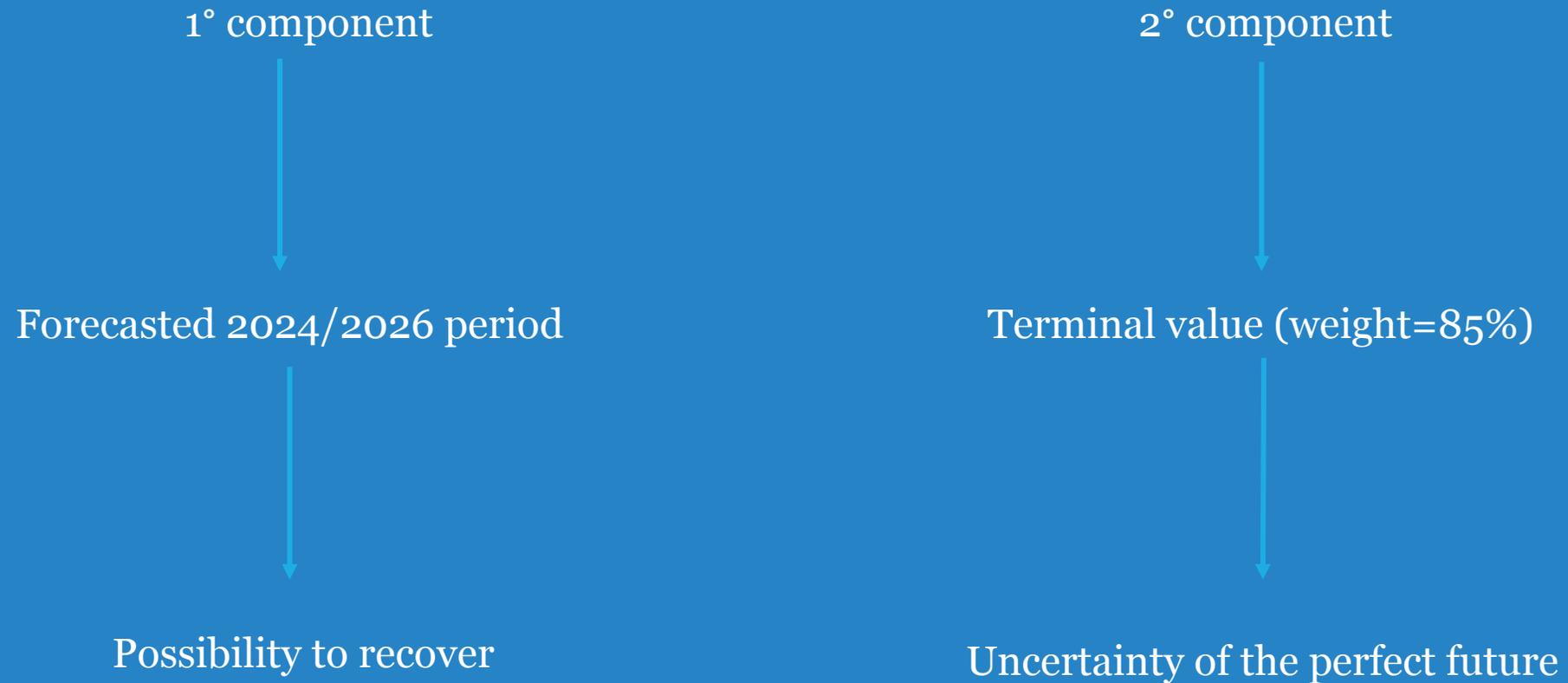
2° scenario

Implied Share Price Calculation	
Sum of PV of FCF	€ 240.800,88
Growth Rate	0,75%
WACC	4,61%
EBIT	€ 50.046,33
PV of Terminal Value	€ 1.223.874,99
Enterprise Value	€ 1.464.675,87
(+) Cash	193.618,70 €
(-) Debt	€ 496.645,00
(-) Minority Interest	
Equity Value	€ 1.161.649,57
Diluted Shares Outstanding (mm)	175000
Implied Share Price	€ 6,64

All values are expressed in thousands of Euros (except for prices, g rates and wacc)

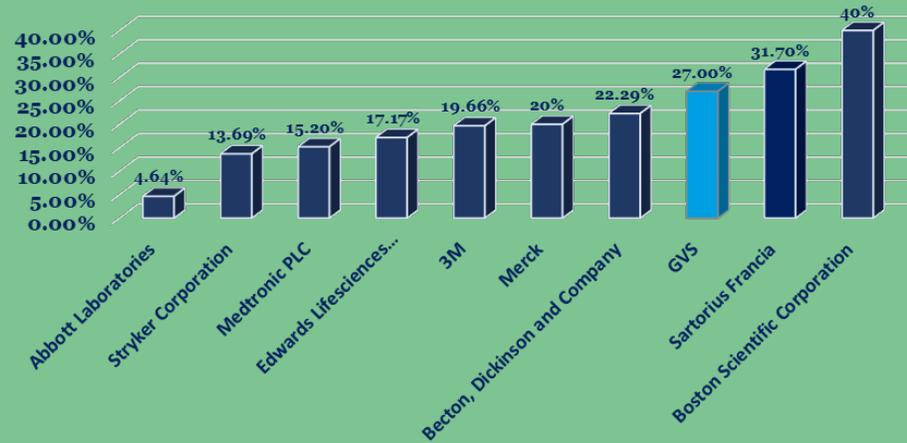
Valuation

Final target price



ESG

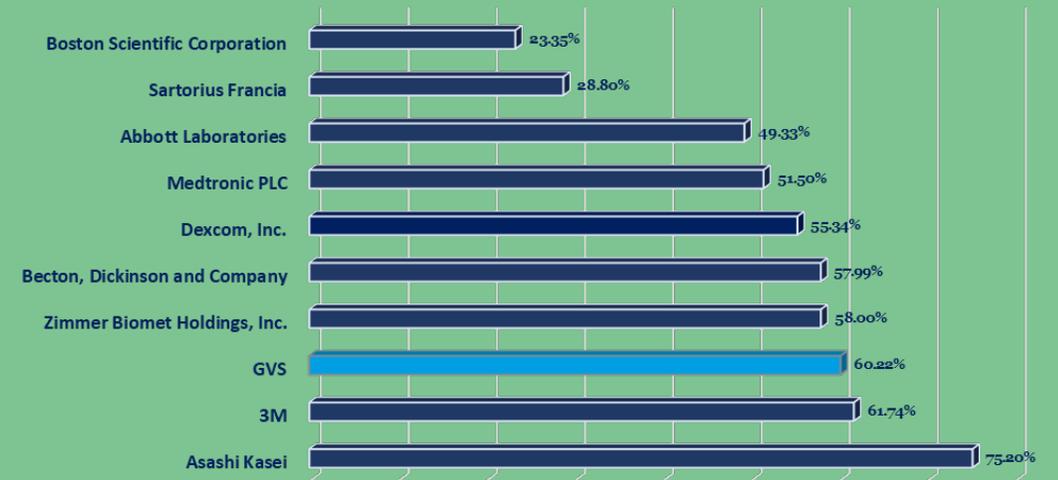
Energy from Renewable Sources on Total Energy Consumption



GVS's dedication to sustainability extends beyond energy procurement, as the company recycles 60% of its waste.

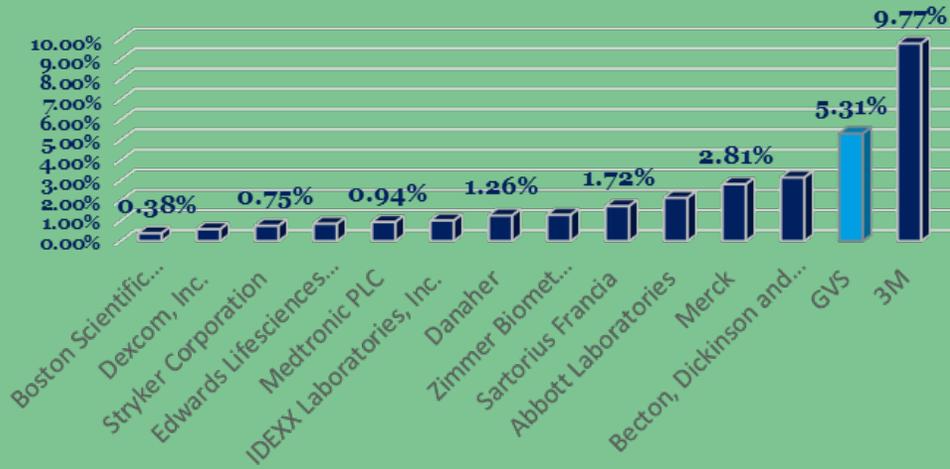
GVS is well-positioned among its peers with its commitment to sustainability, sourcing 27% of its energy needs from renewable sources.

Ton of Waste Recycled or Reused on Total Waste Generated



ESG

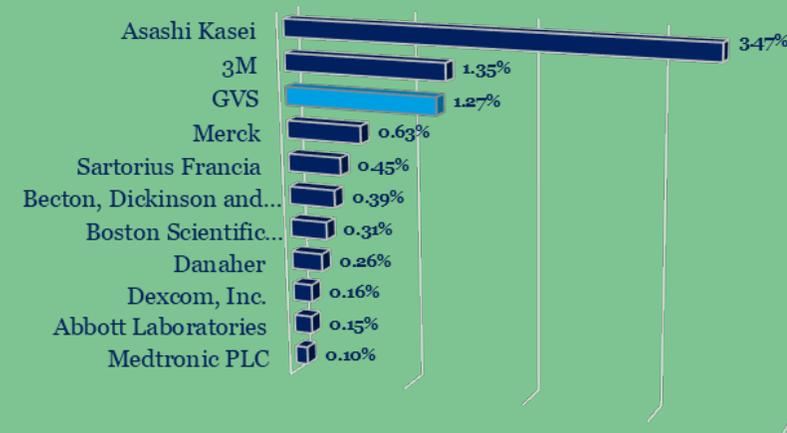
**Total Emission/Revenues
(TonCo2/Thousands€)**



Despite the remarkable achievements obtained in energy and waste reutilization, GVS is still lagging behind its peers in terms of emission efficiency.

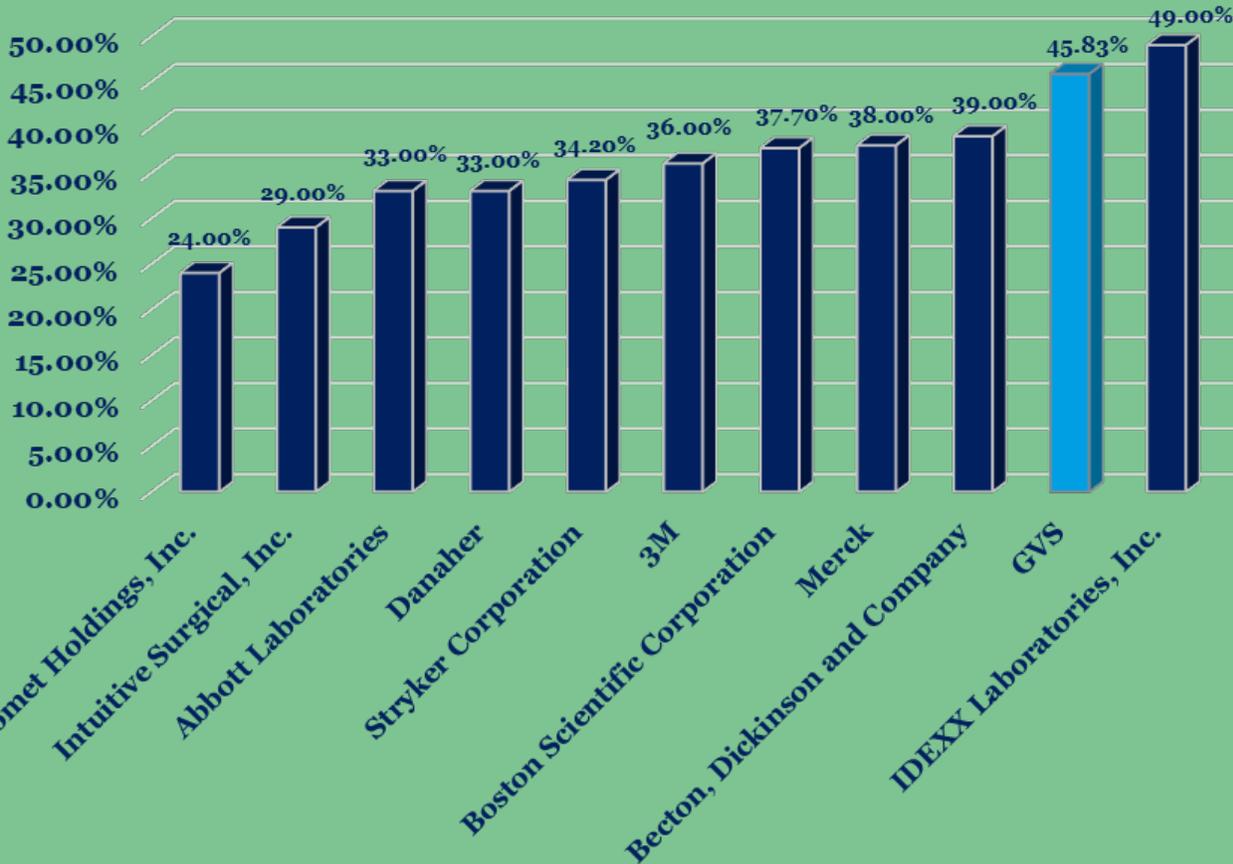
Although GVS primarily generates Non-Hazardous waste, its efficiency must improve to align with industry peers.

**Total Waste generated/Revenues
(Ton/Thousands€)**



ESG

Percentage of Women in Management Position



While GVS actively promotes diversity, inclusion, and a positive workplace culture, the company faces a challenge in retaining top talent, leading to a higher turnover rate.

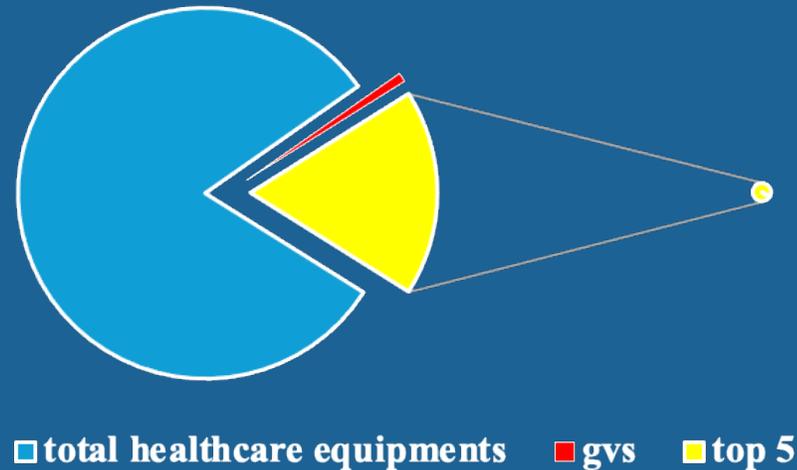


APPENDIX

Industry Overview

MAIN INDUSTRY: Healthcare Equipment and Supplies

- 15,39% growth of revenues in the last 5 years considering the S&P composite 500 as benchmark index



TOP 5 COSTITUENCES

Country	Company	Market value
UNITED STATES	Medtronic Plc	105.051,00 €
UNITED STATES	Abbott Laboratories	181.434,00 €
UNITED STATES	Johnson & Johnson	352.904,00 €
GERMANY	Siemens AG	132.112,00 €
UNITED STATES	Stryker Corp.	120.356,00 €

In Mln

Financial Analysis

ROI & ROE COMPARABLES

- Sartorius

- Avon

- Msa

- 3M

- Becton

- steris

- danaher

- angio dinamic

- medtronic

- artivion

- jms

- shanghai

