

Initiation of Coverage:
13th February 2024



CFA Research
Challenge 2024

GVS S.p.A

presented by “Dividend et Impera”

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TICKER: GVS.MI

MKT CAP: 1.07 Bln€

FREE FLOAT: 69.76 Mln

HOLD

Reference date: 13/02/2024

6.12€ /share



TARGET PRICE

7.13€/share

UPSIDE: **16.50%**



Source: Refinitiv, Company data, team elaboration

WHY HOLD?



Drawdown in the stock price



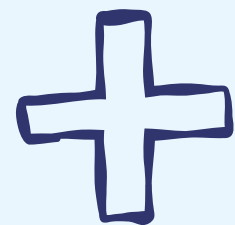
-64.93%
from 17.45€ on 17/02/2021



High leverage



4.35
Net Debt/EBITDA 2023E



Peculiar structure and strategy



Source: Company data, team elaboration

Company Overview



Historical Membrane know-how & Molding Production Technology

Healthcare & Life Sciences

Energy & Mobility

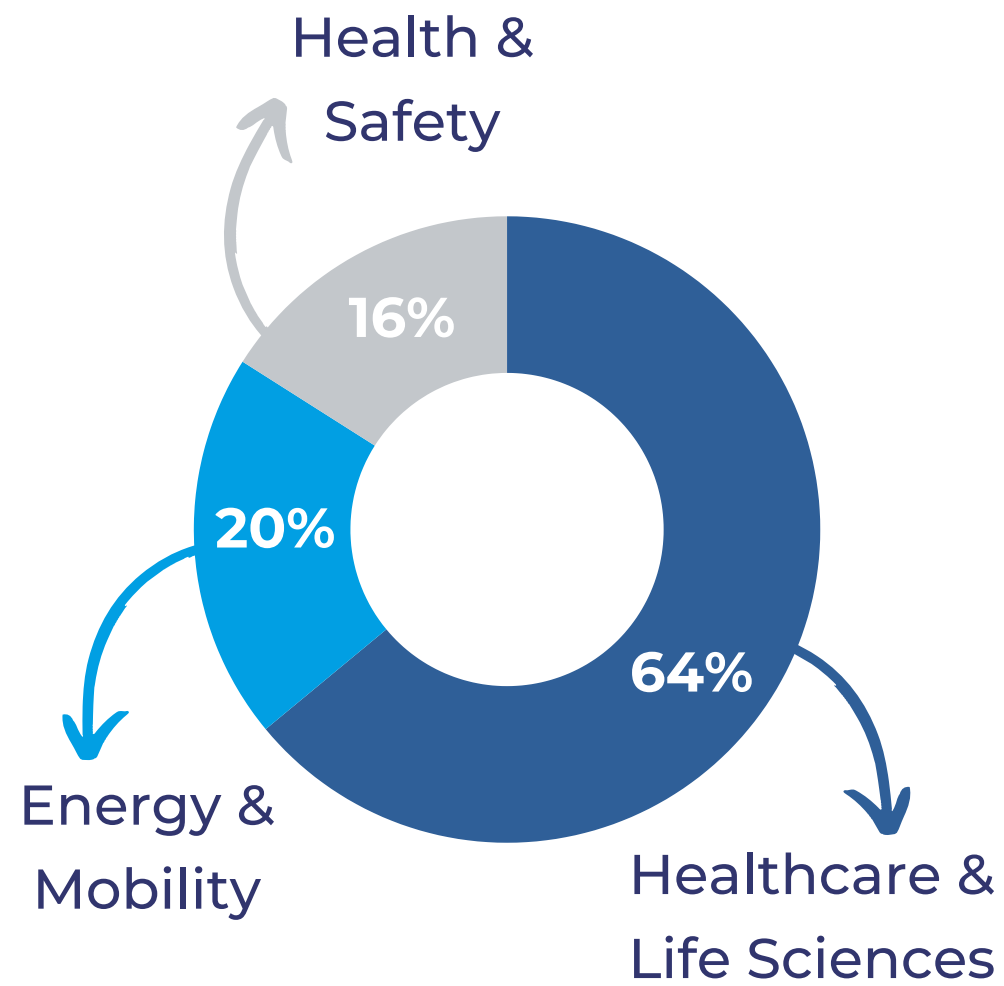
Health & Safety

Clients and Quality oriented

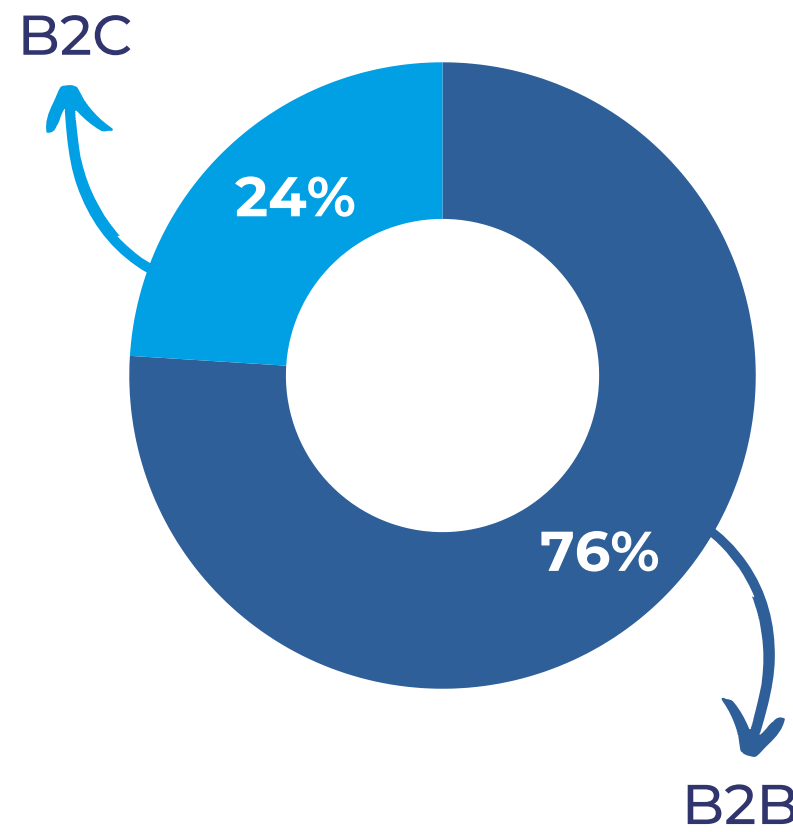
Source: Company data

Revenues (Total 425 mln € 23E)

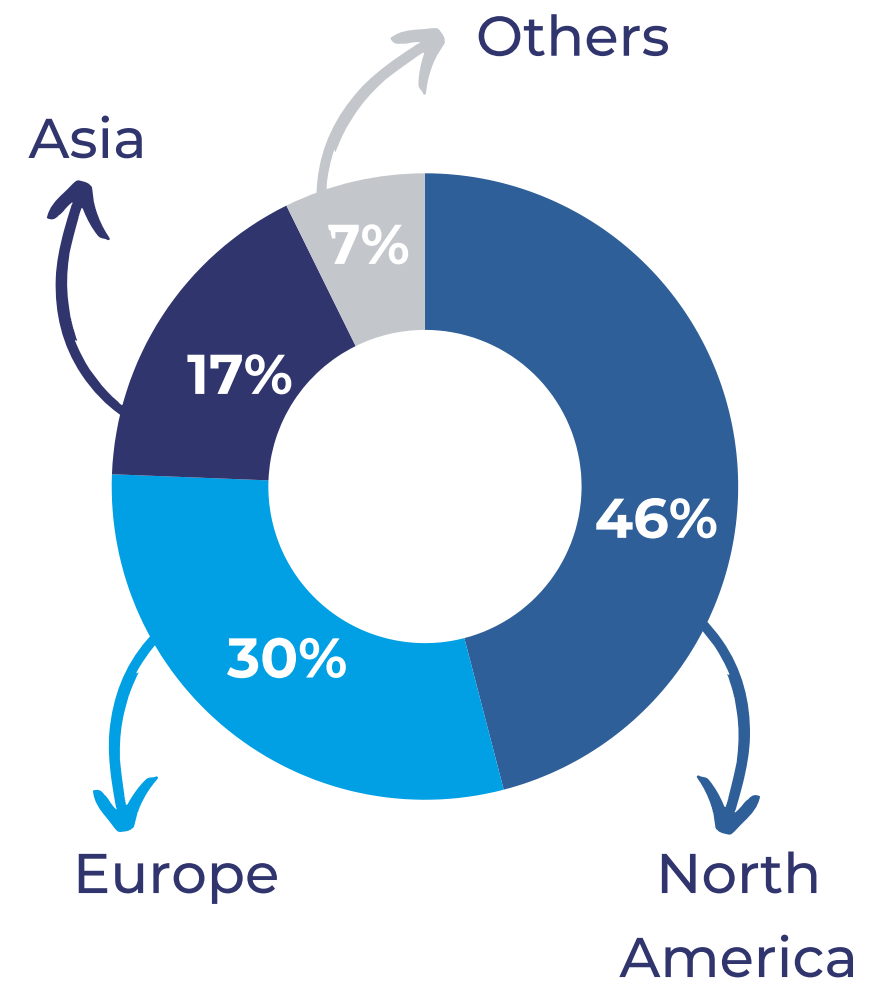
By Divisions



By Clients

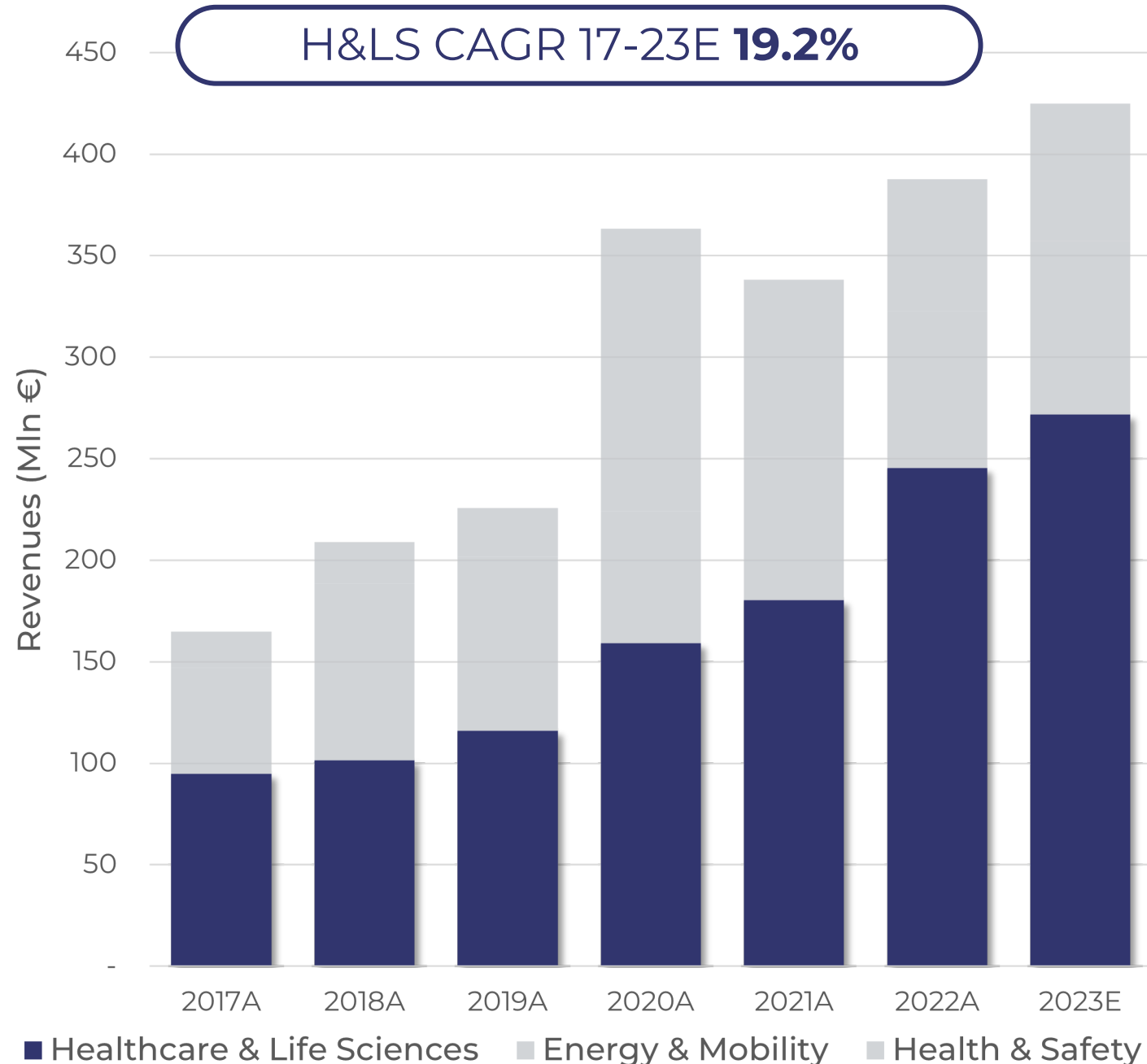


By Geographics



Source: Company data

Healthcare & Life Sciences (64% of Sales 23E)



Source: Company data, team elaboration

Acquisitions for H&LS

	STT Co.	Haemotronic S.p.A.
Price Deal	16.6 mln €	212 mln €
EBITDA before the M&A	3.2 mln € (12 % of sales)	13 mln € (19 % of sales)

H&LS Products



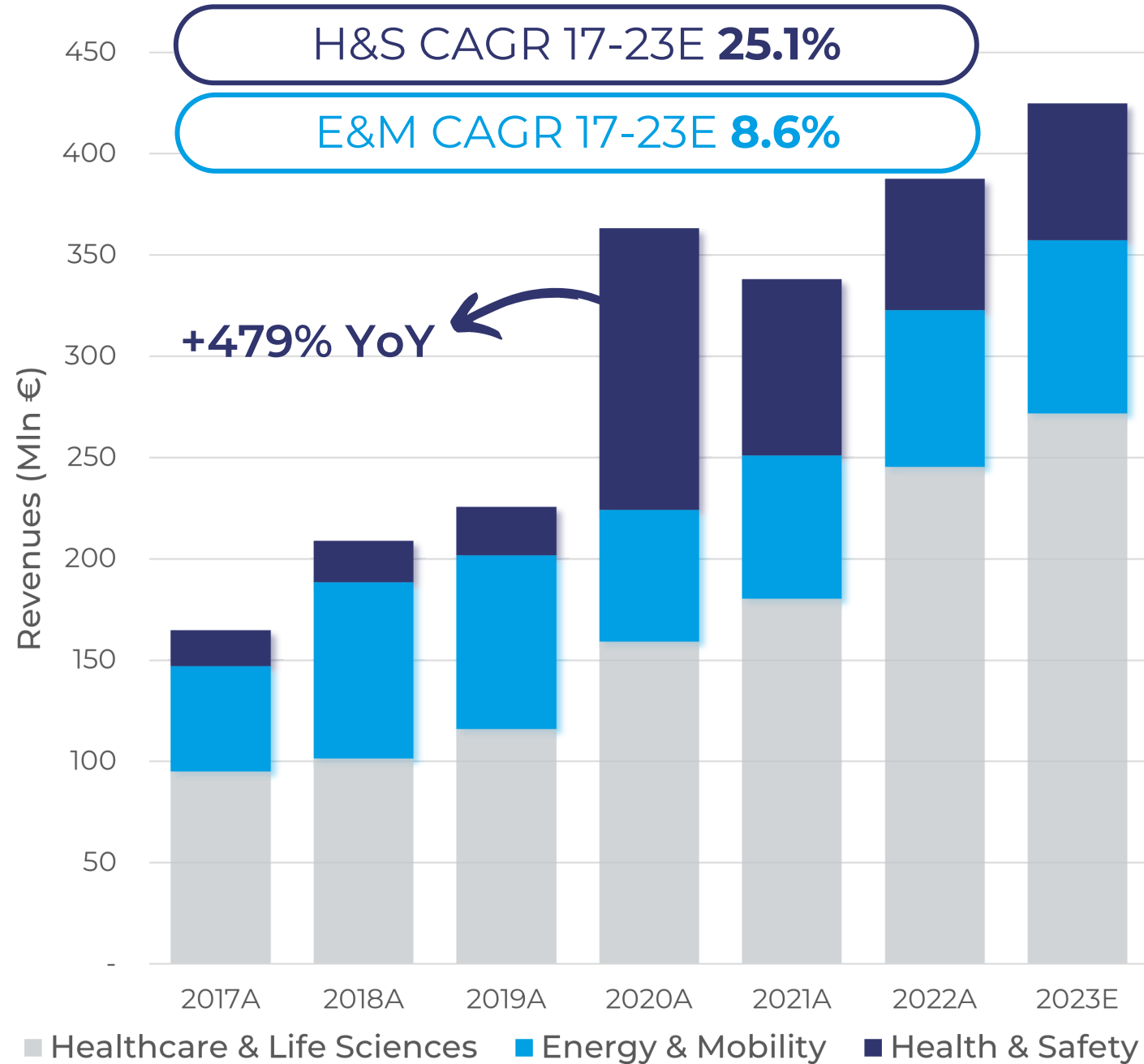
Infusion, Haemodialysis,
Blood Transfusion,
Microfiltration

**Long Growth for
medical products
World Market**

11.3%

Source: Alira Report

Energy & Mobility (20% of Sales) - Health & Safety (16% of Sales)



Source: Company data

Acquisition for H&S

RPB Industrial

Price Deal

125 mln €

Sales before the M&A

10 mln €
(34% of sales)



E&M Products



Fuel injection and tank filtration, Air management, Battery vent anti-explosion

H&S Products



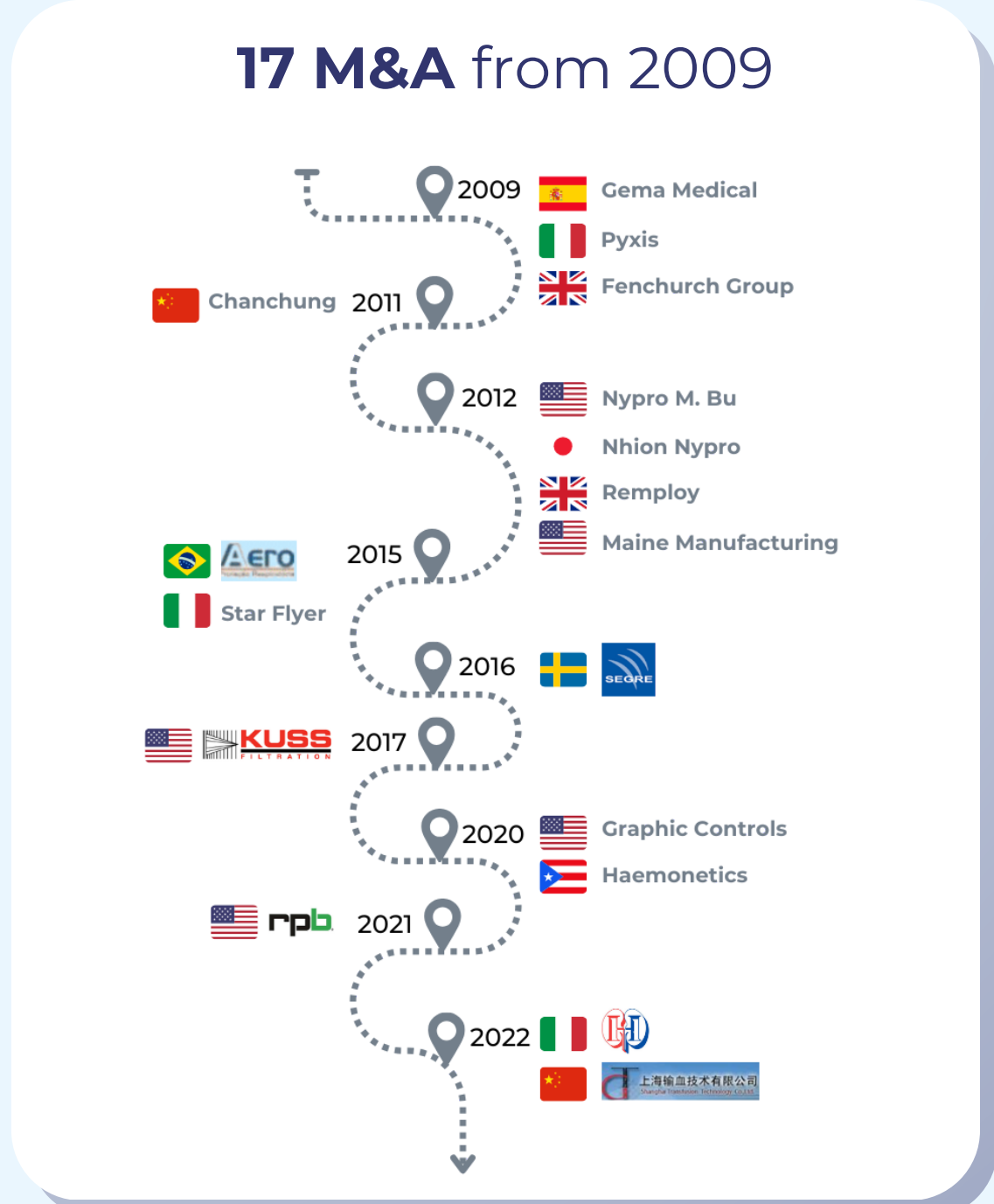
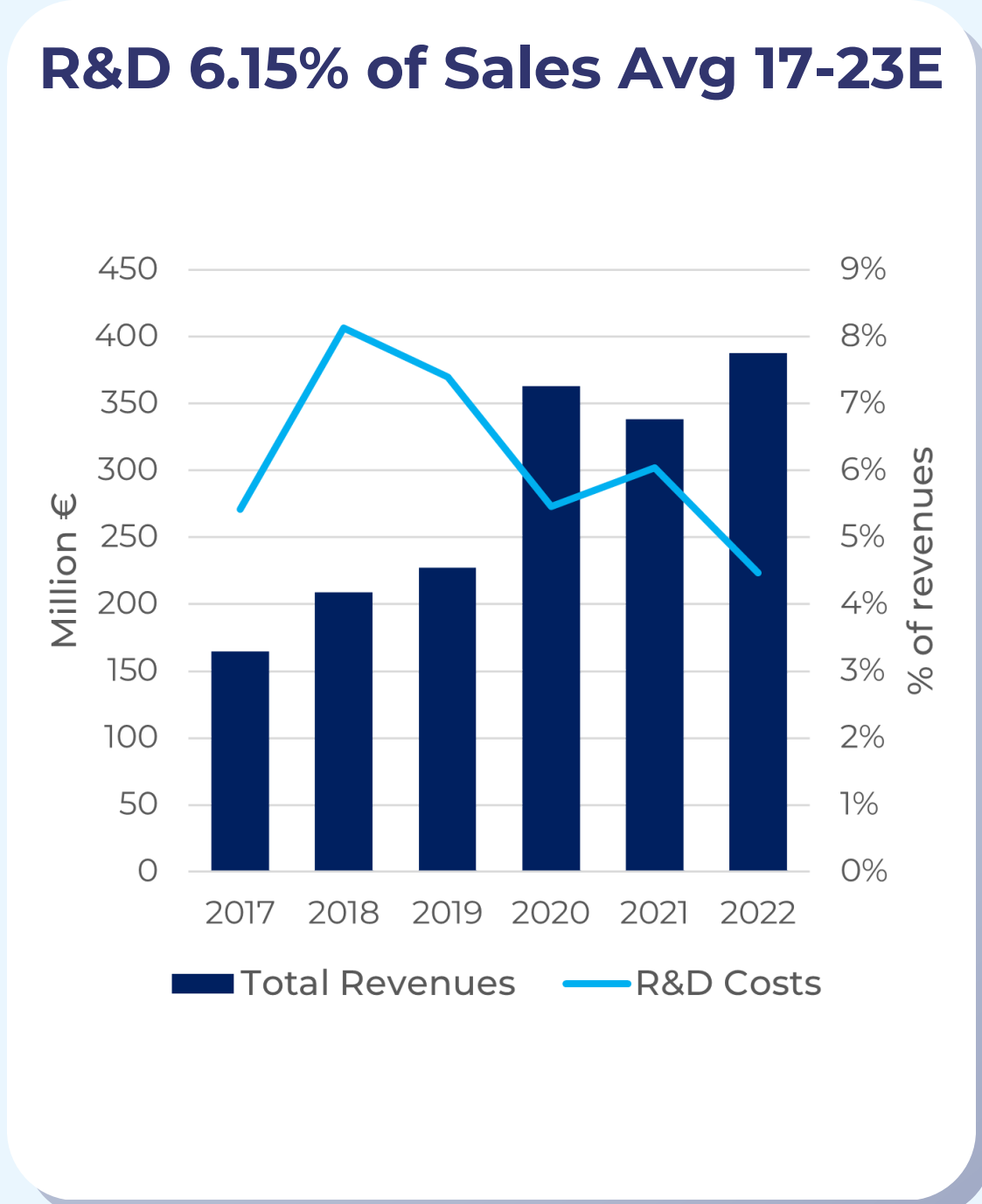
Passive & Active - Reusable & Disposable Masks, Air Filters

Cross-Divisional Synergies

High Volume Production
Low total unit Cost
Disposable Products

Common Technology
Shared R&D Activities

High Quality Products
Critical for Safety
Standard Certifications



Source: Company data, team elaboration

Local for Local Strategy



	H&LS	E&M	H&S
Italy	+	+	
USA	+	+	+
Mexico	+	+	+
China	+	+	+
Uk	+		+
Romania	+	+	+
Puerto Rico	+		

+ 10 Sales Offices

Source: Company data, team elaboration

Future Growth

Products diversification

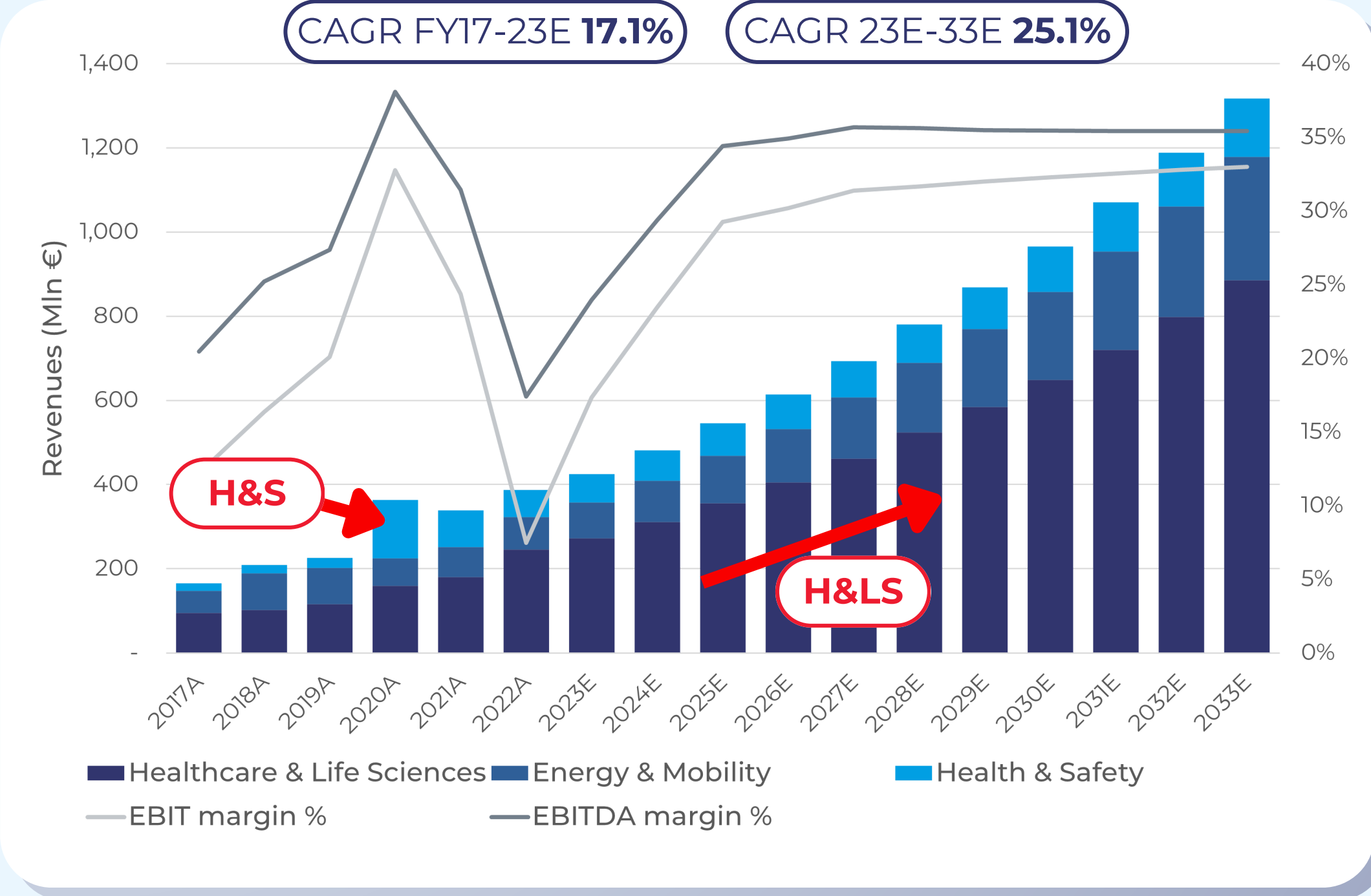
1,873

Versions of H&LS Products

High Intellectual Property with R&D
(58 Patents)

Vertical Integration from membrane to product

Critical Suppliers for OEMs



Source: Company data, Refinitiv, Aida

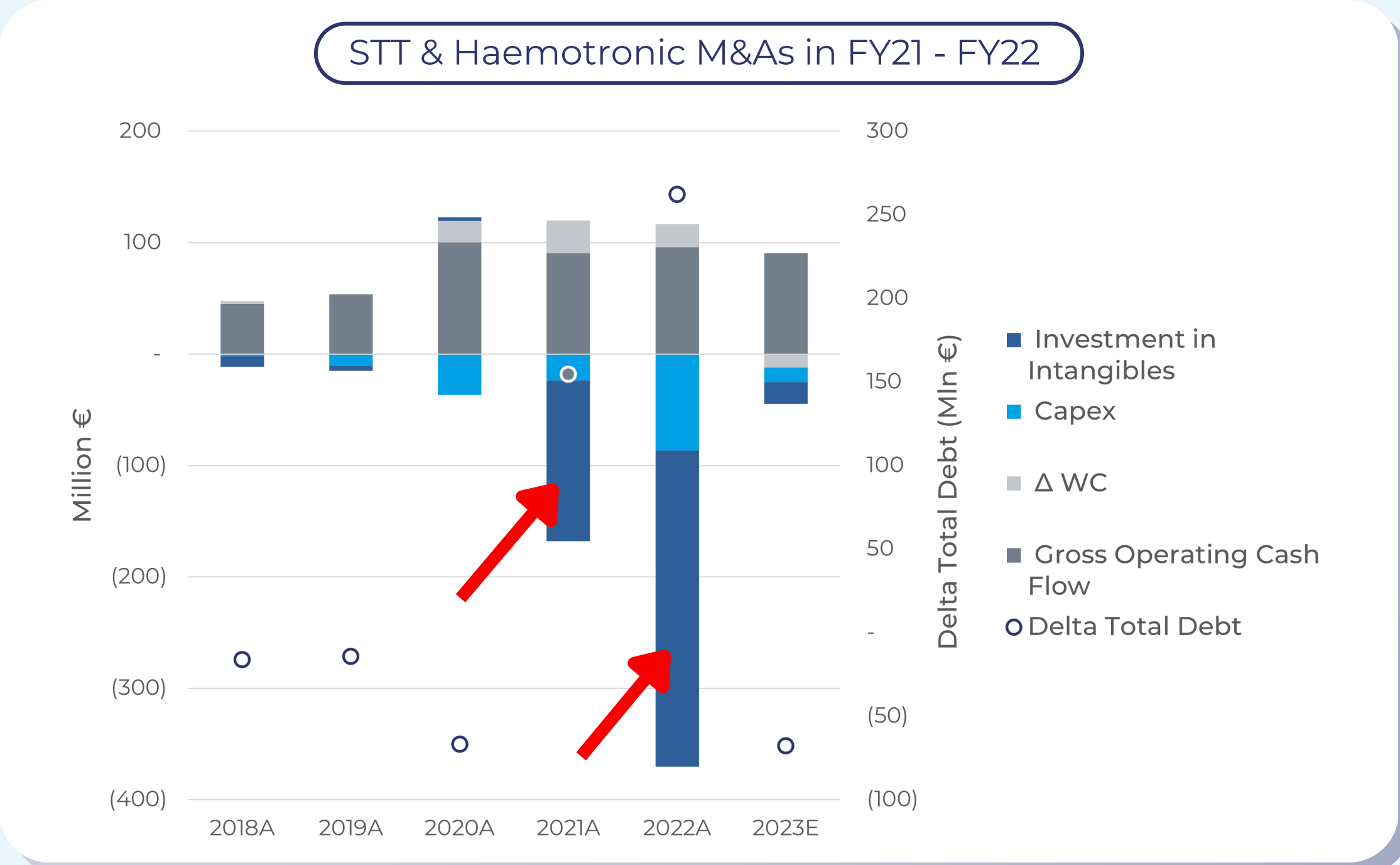
M&A Investments

FCF			
Year	2020	2021	2022
FCF (mln €)	+66	-127	-280
YoY%	+57%	-293%	-120%

STT & Haemotronic M&As

+428mln € of Intangible Assets in 2021 and 2022

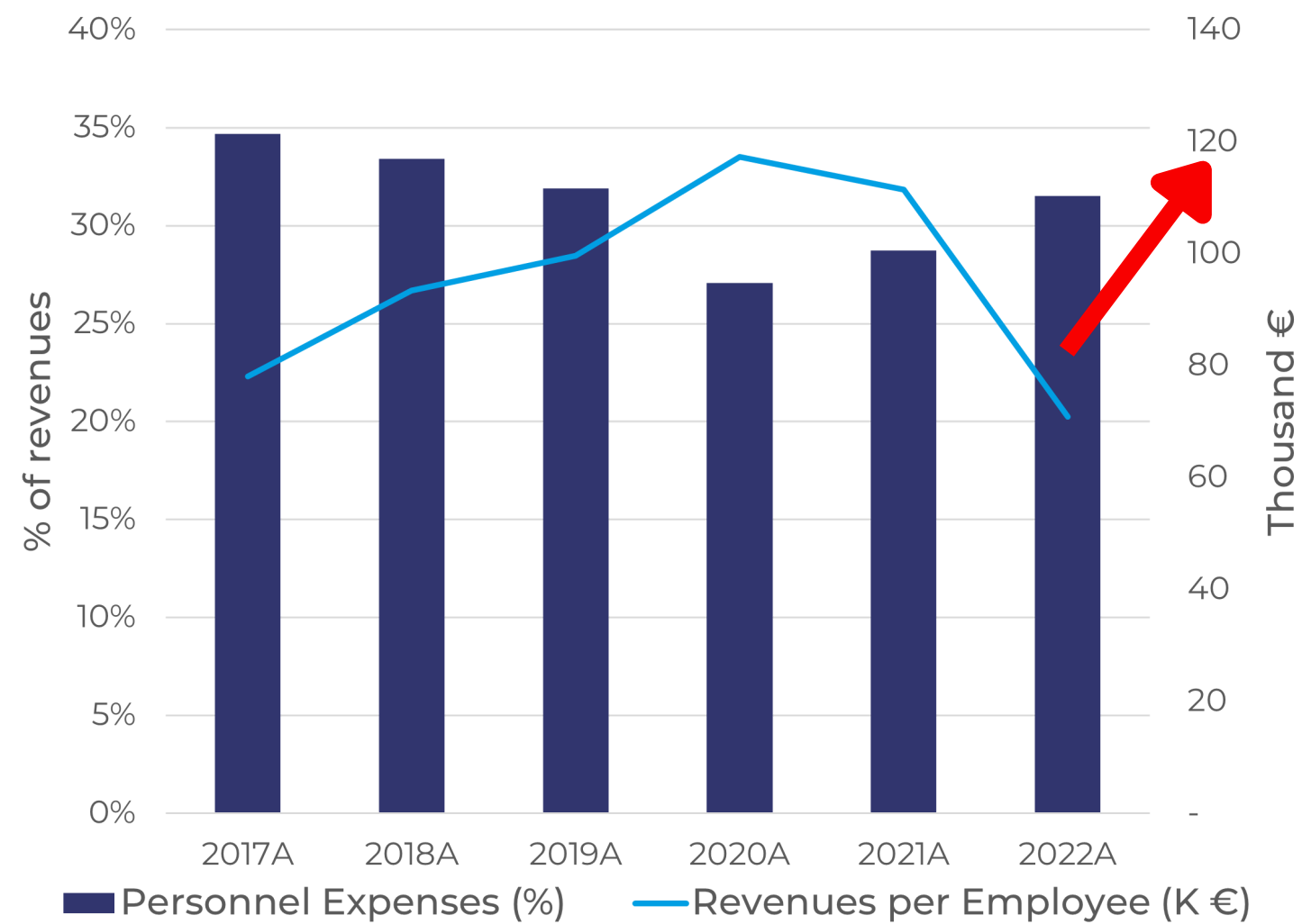
+110 mln € of CapEx in 2021 and 2022



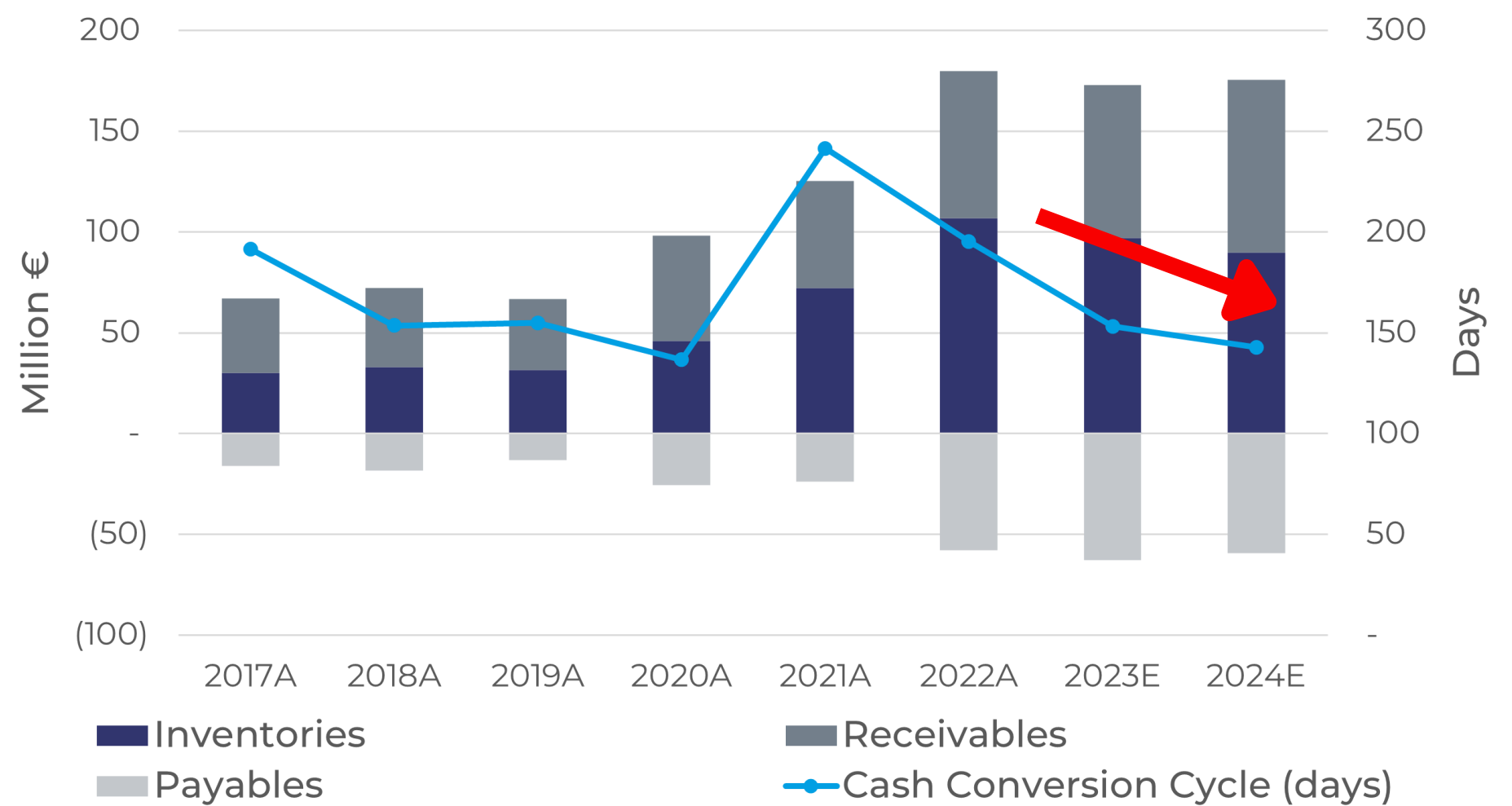
Source: Company data, team elaboration

Margin Creation (Employees and CCC)

-36.5% YoY Revenues/Employees FY21-22



-88 Days Delta CCC FY21-23E

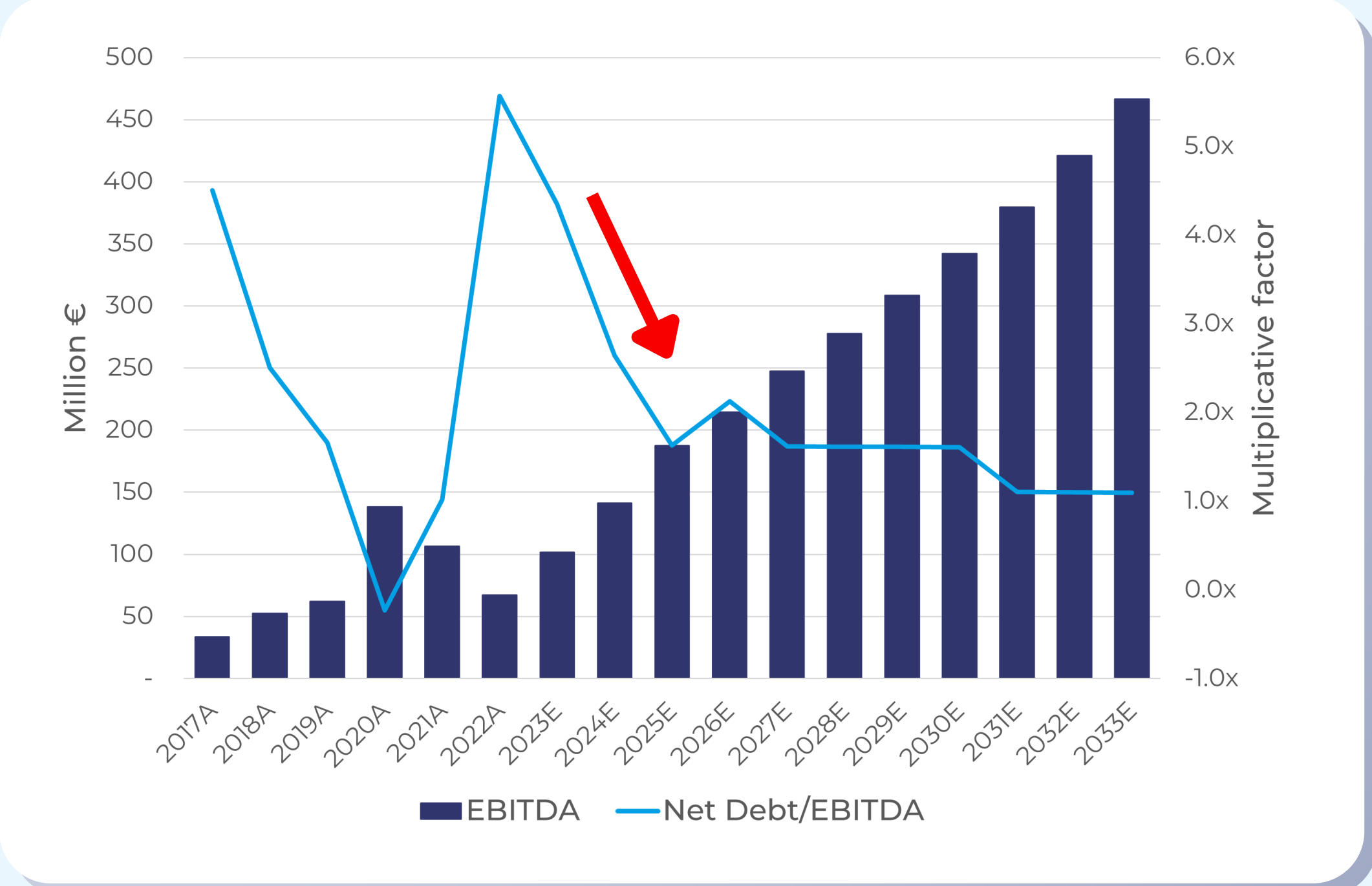


Source: Company data, team elaboration

Financial Indebtedness

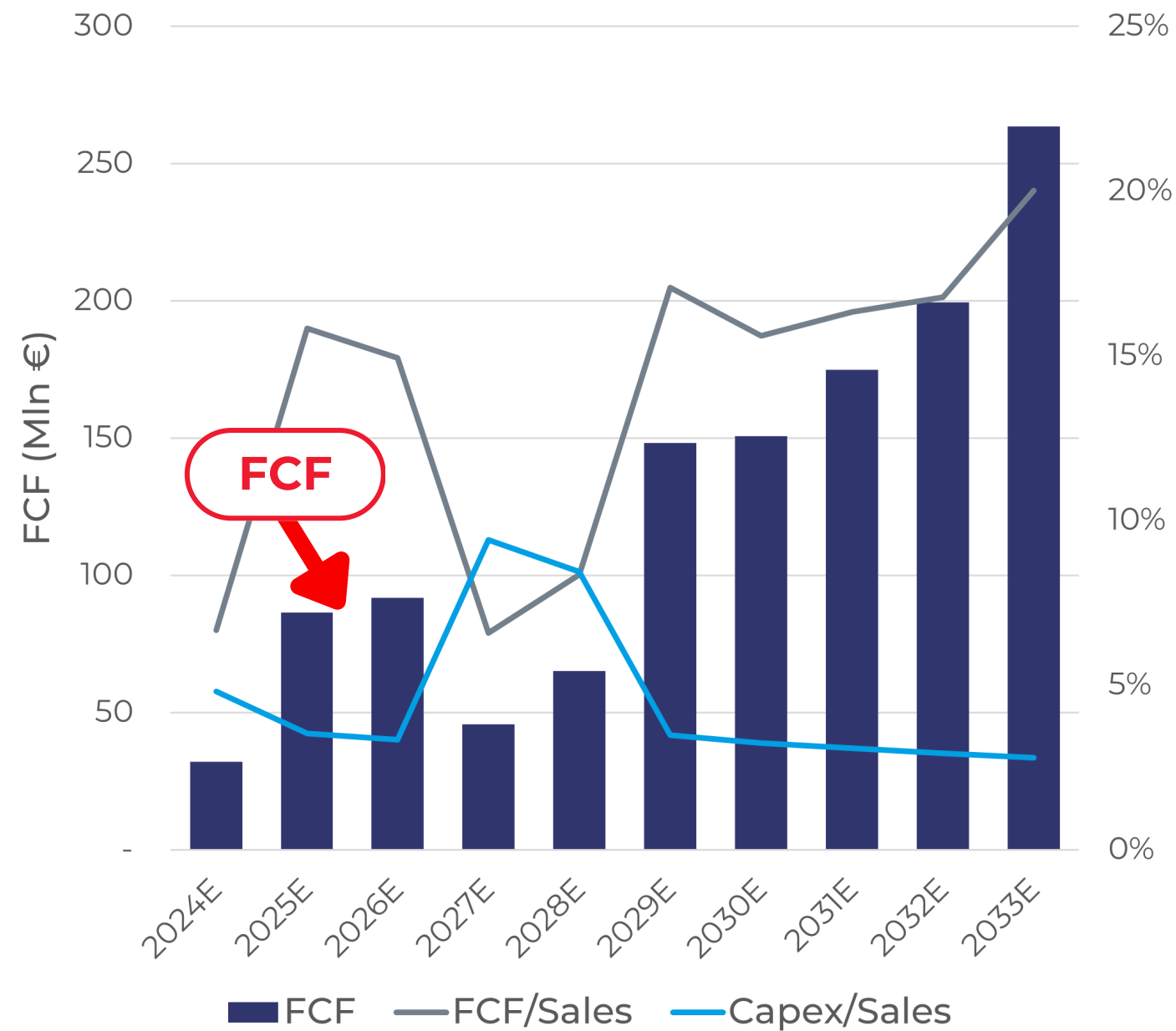
+248% YoY FY22 Net Fin. Debt
-17.8% YoY 24E Net Fin. Debt

4.35 Net Debt/EBITDA GVS (23E)
Vs.
2.13 Net Debt/EBITDA Peers (23E)



Source: Company data, team elaboration

DCF - Business as Usual



Source: team elaboration

I STAGE

2 Plants Transformations in 24E-25E
 (Borgocarbonara-Italy & Monterrey-Mexico)

1 Plant Merger in 24E-25E
 (Between Bloomer-USA and Findlay-USA)

II STAGE

2 Medium Size Acquisitions
 (In 27E & 28E)

III STAGE

2% Terminal Growth

DCF - Parameters and Result

10.59%
 Cost of equity

8.80%
 Cost of debt

2.00%
 Growth rate

9.12%
WACC

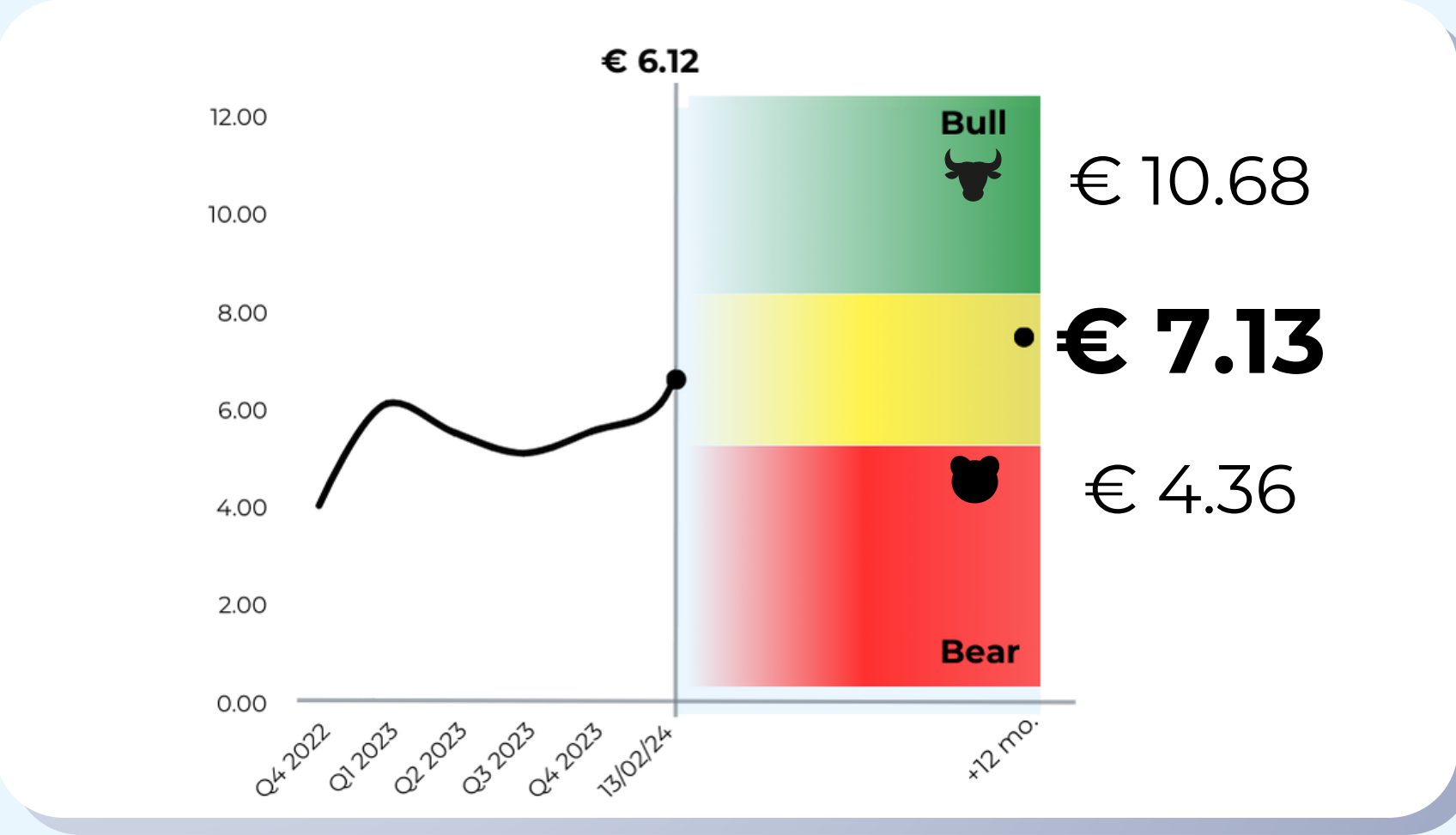
8.46€
DCF Target Price

50%
 of final price

SENSITIVITY ANALYSIS

WACC	1%	1.5%	2%	2.5%	3%
7%	11.127	11.89	12.81	13.928	15.328
8%	9.1569	9.6617	10.25	10.947	11.782
9%	7.7106	8.06	8.459	8.919	9.4562
10%	6.6103	6.8602	7.141	7.46	7.8242
11%	5.7501	5.934	6.138	6.3665	6.6234

Less Likely More Likely



Source: team elaboration

Relative Valuation

PEERS

Healthcare & Life Sciences

Health & Safety

Energy & Mobility

MULTIPLES

P/B

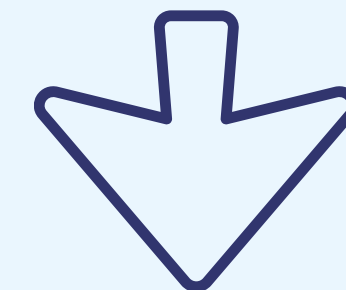
P/E

EPS

EV/Sales

EV/EBITDA

1. Average for each division, weighted by mkt cap
2. For each multiple, average weighted by % revenues
3. Average of final multiples



9.72€
Peer Target Price

5%
of final price

Source: Companies data, team elaboration

Alternative Valuation Methods 1

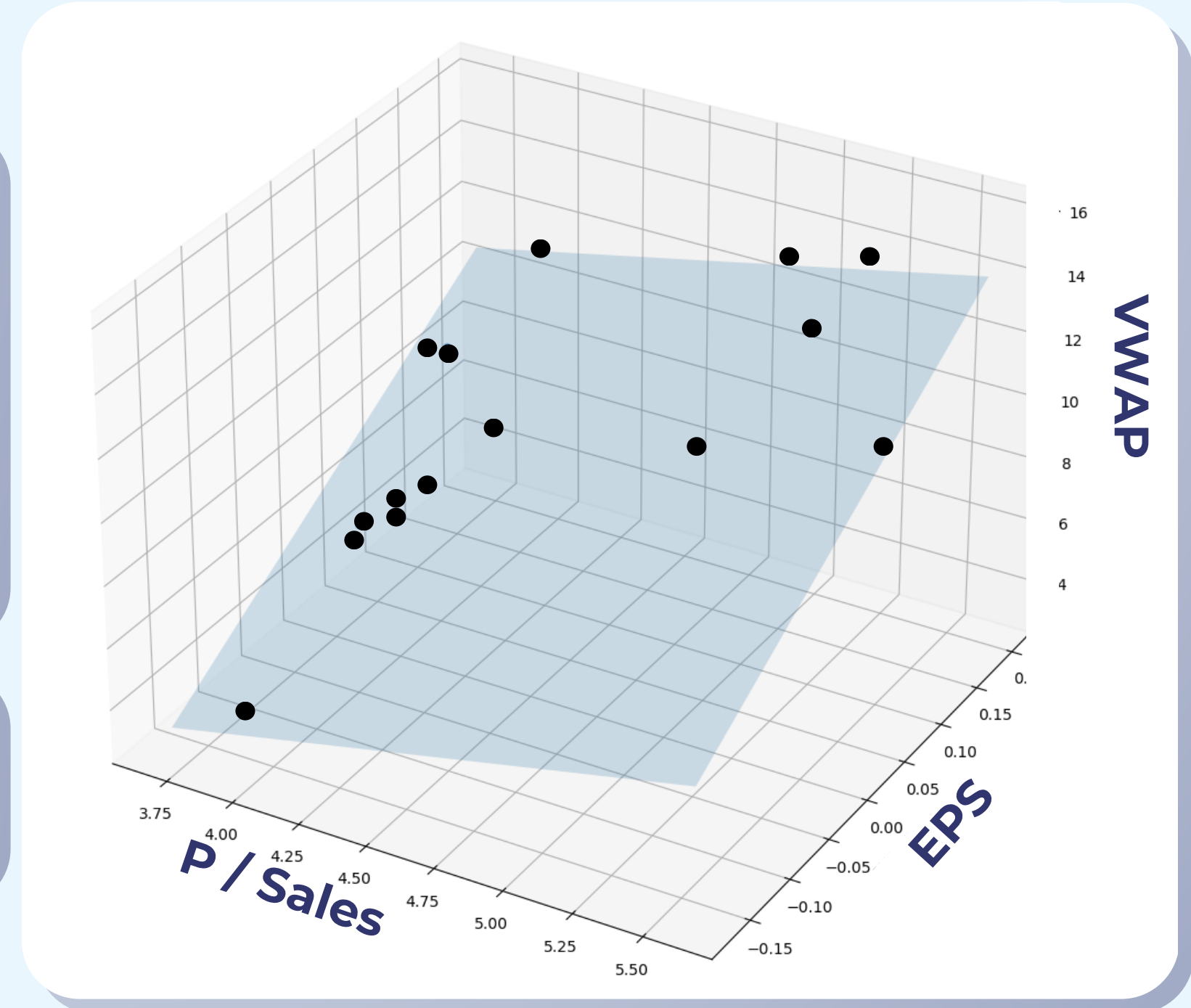
Principal Component Analysis

$$\text{Quarterly VWAP} = \overset{(pval < 0.01)}{1.7957} \text{ P/R} + \overset{(pval < 0.05)}{20.2770} \text{ EPS}$$

$$\text{Adj } R^2 = 0.937$$

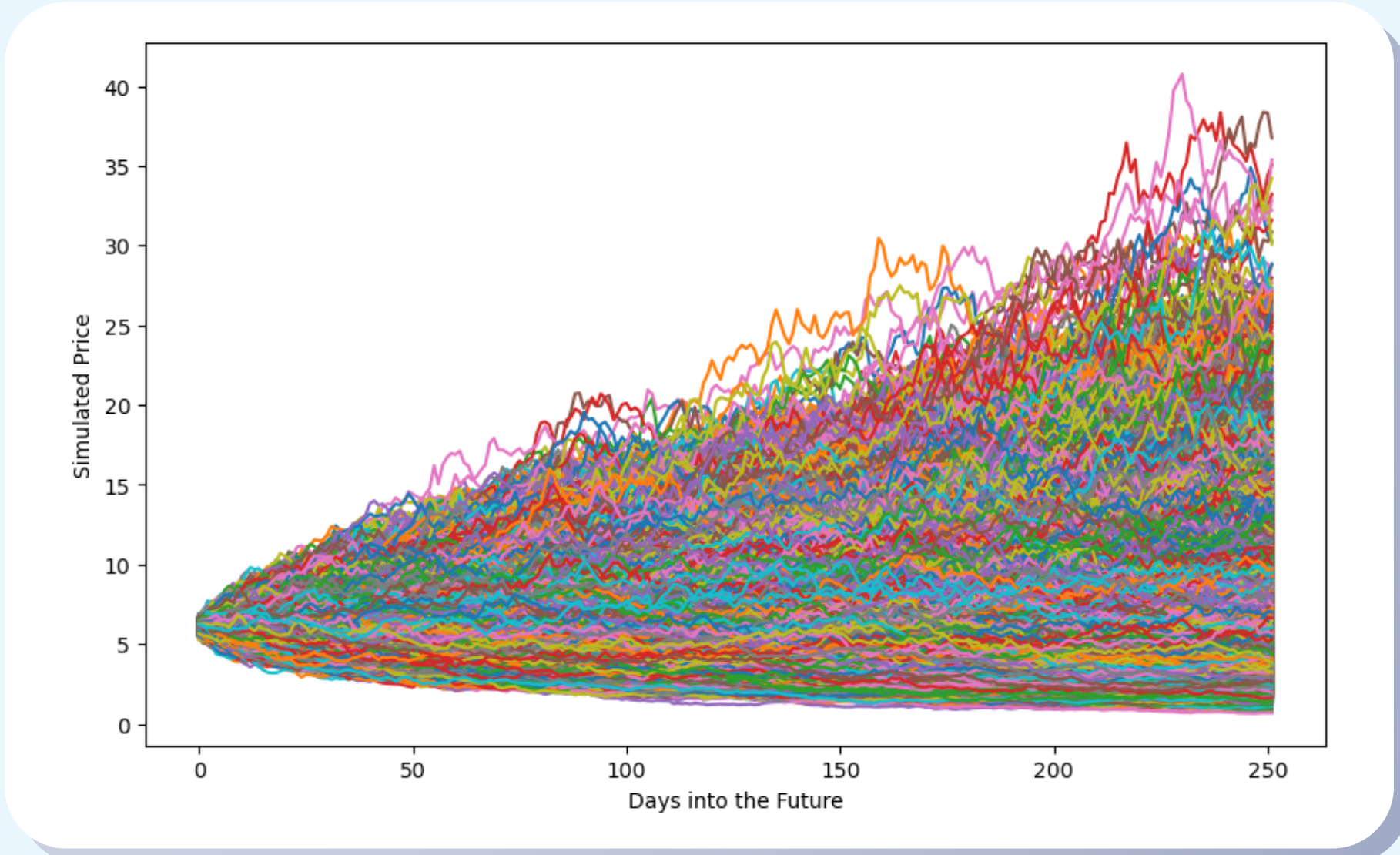
7.58€
PCA Target Price

5%
of final price



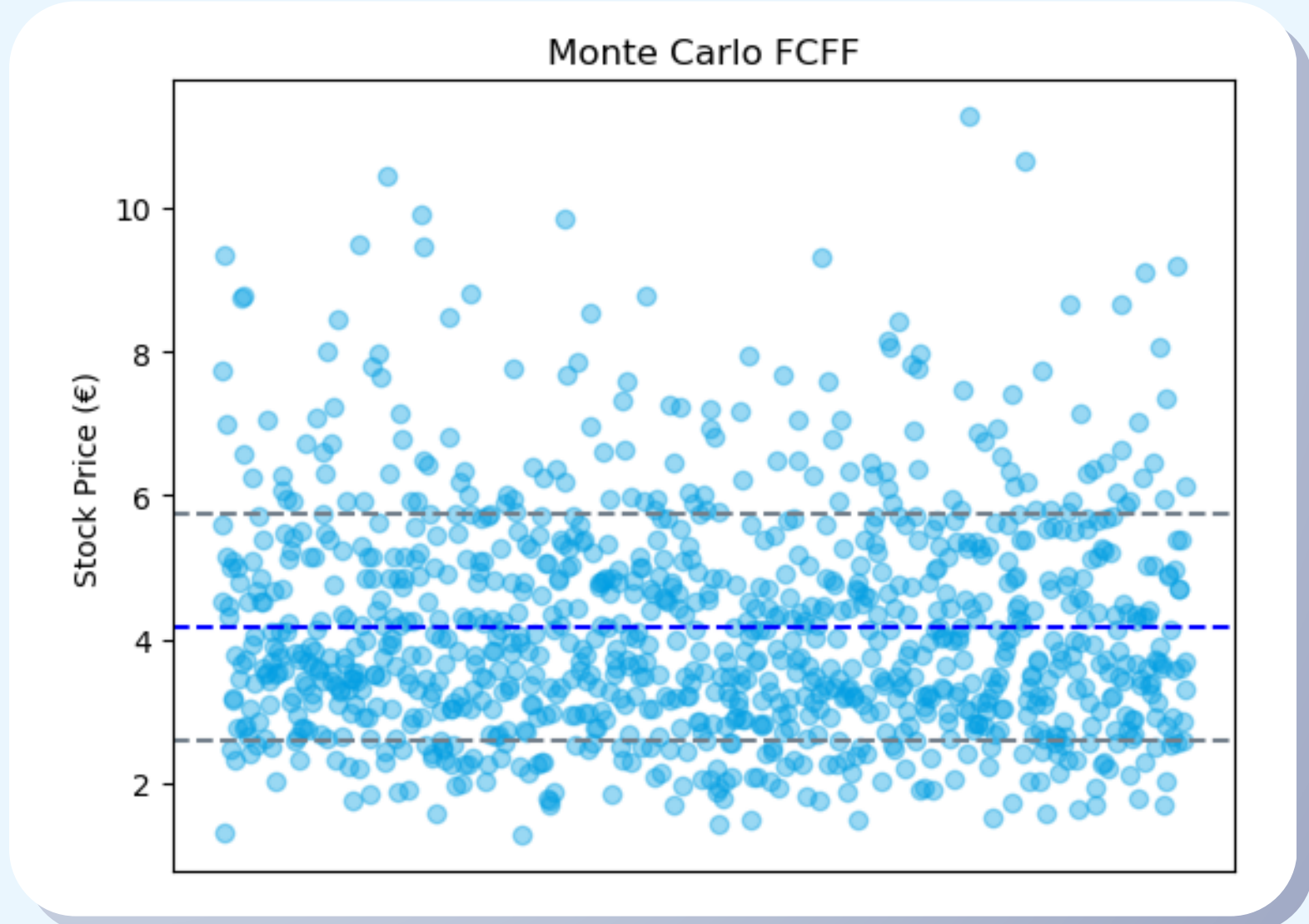
Source: team elaboration

Alternative Valuation Methods 2



6.02€
Monte Carlo Target Price

20%
of final price



4.17€
Monte Carlo DCF Target Price

20%
of final price

Source: team elaboration

Valuation Summary

Method	Result (€)	Weight
DCF	8.46	50%
Peer	9.72	5%
PCA	7.58	5%
MC Prices	6.02	20%
MC DCF	4.17	20%

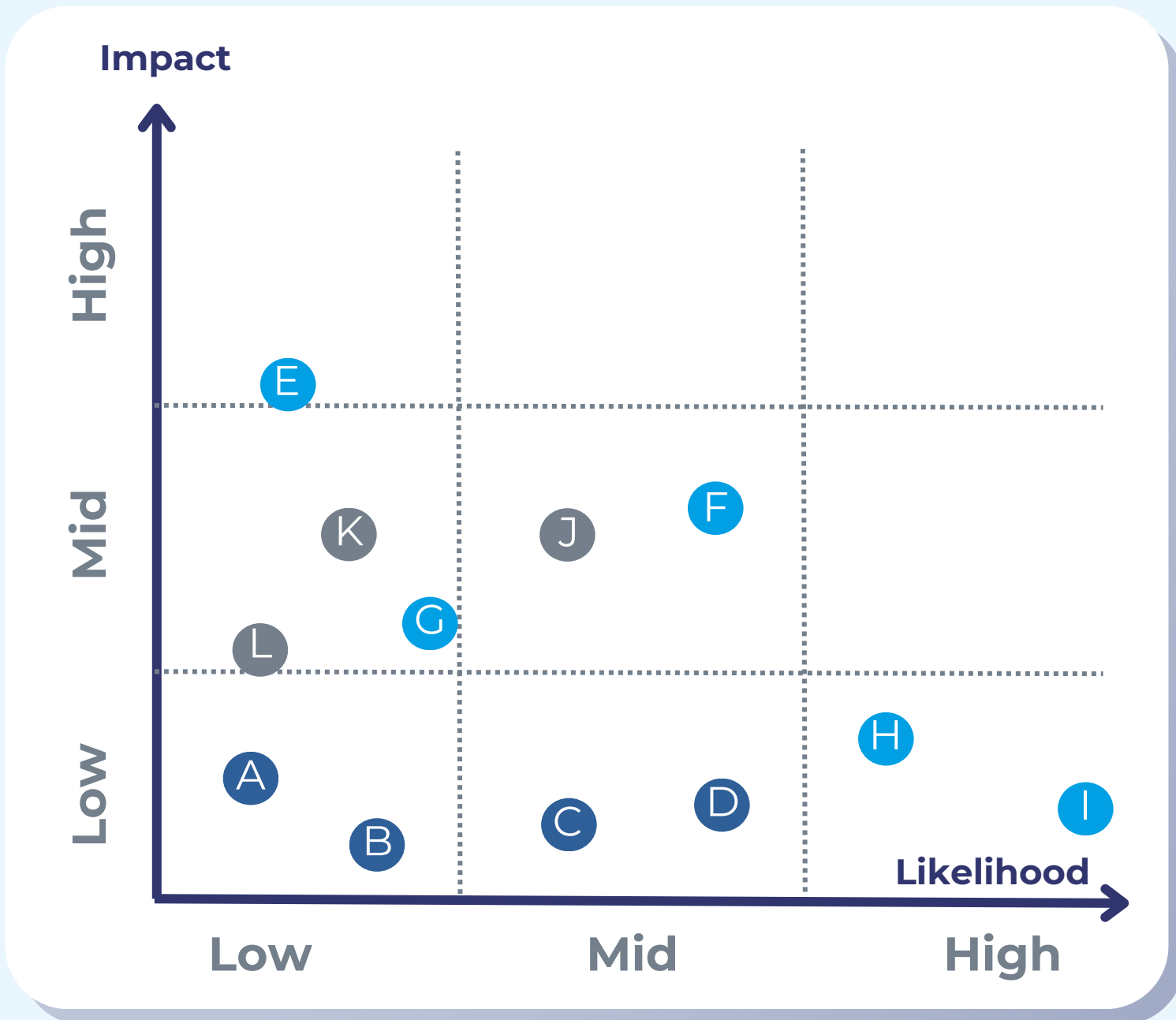
TARGET PRICE 

7.13€/share

HOLD

Source: team elaboration

Investment Risks

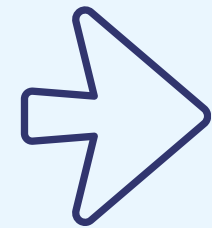


MARKET	
A	Inflation
B	Macroeconomic
C	Supply Chain
D	Geopolitical
OPERATIONAL	
E	M&A Integration
F	Debt Repayment
G	Loss of Key Employees
H	Incumbent Competitors
I	Product Quality Standard
FINANCIAL	
J	Liquidity (Stock & Firm)
K	Tax
L	Exchange Rates

Source: Company data, team elaboration




ESG Proprietary Framework

PROPRIETARY MODEL



VS

Synthetic Industry (13 peers)

		N° METRICS	N° KEY FACTORS	WEIGHT	SCORE	RATING
	E	27	3	40%	4.04	BB-
	S	24	4	30%	4.55	BB
	G	23	4	30%	4.90	BB+

OVERALL FINAL RATING

BB

Source: Bloomberg, team elaboration



Environmental


BB-




 **SUSTAINABLE PRODUCT**


 Environmental policy for supply chain (Code of Ethics for Suppliers)


 **EMISSION MANAGEMENT**

 NO explicit targets

 Staff transportation impact reduction

 **ENERGY MANAGEMENT**

 Energy intensive

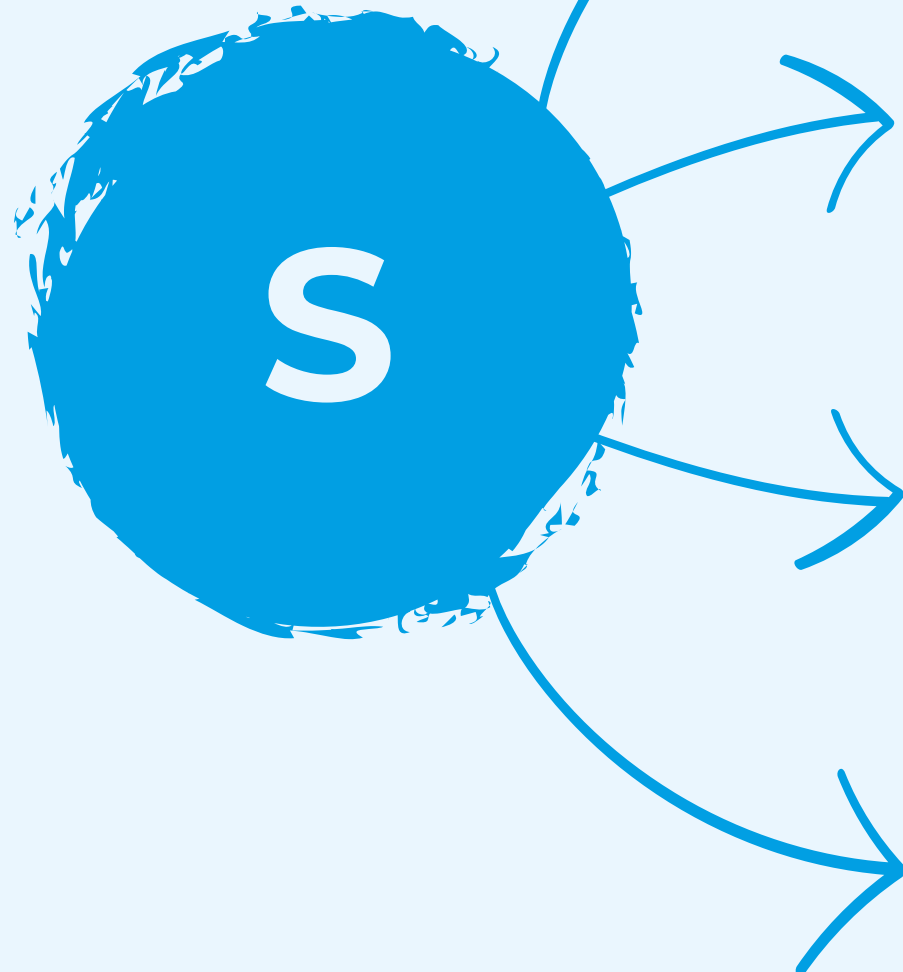
 HIGH % use of renewable energy

Source: Refinitiv, Company data, team elaboration




Social



BB




 **HEALTH & SAFETY MANAGEMENT**

 Health and safety training, average n° of injuries to million hours worked


 **WORK & EMPLOYMENT PRACTICES**

 HIGH turnover rate, decreasing training hours
 HIGH % female employees, also at managerial level

 **PRODUCT QUALITY MANAGEMENT**

 Quality management systems (e.g. ISO 9000) in line with industry

 **ETHICS AND COMPLIANCE**

 Corporate responsibility awards (e.g. EcoVadis silver medal 2022)

Source: Refinitiv, Company data, team elaboration



Governance

BB+



— OWNERSHIP & CONTROL

- Concentrated ownership and veto power
- +** Stakeholder engagement

+ BOD & COMMITTEES

- +** Disclosure on executive compensation, ESG linked remuneration

+ ACCOUNTING & AUDIT PRACTICES

- ~** NO controversies
- +** External audit for sustainability report

~ BUSINESS ETHICS

- ~** Policy against bribery and corruption, policy for business ethics

Source: Refinitiv, team elaboration

TICKER: GVS.MI

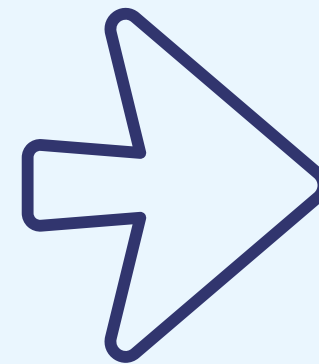
MKT CAP: 1.07 Bln€

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HOLD

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6.12€ /share



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UPSIDE: **16.50%**



THANK YOU!

Annex

A. BUSINESS & INDUSTRY

A1. Product Analysis

A2. Porter's Analysis

B. FINANCIAL ANALYSIS

B1A. Geographic Revenues

B1B. Division, B2B, B2C Revenues

B2. Net Income

B3. Balance Sheet

B4. Financial Debt Breakdown

B5. Cash Conversion Cycle

B6. Cost Breakdown

B7. Cost Drivers

B8. R&D

B9. Cash Flow Breakdown

C. VALUATION

C1. DCF Scheme

C2. WACC Derivation

C3. DCF Sensitivity Analysis

C4. Relative Valuation

C5. PCA

C6. MonteCarlo Methods

C7. Bull & Bear Scenarios

C8. Valuation Summary

D. INVESTMENT RISKS

D1. Market Risks

D2. Operational Risks

D3. Financial Risks

E. ESG

E1. Proprietary Model

E2. Scoring Rationale

E3. Environmental

E4. Social

E5. Governance

E6. ESG Highlights

E7. BoD Restructuring

PRODUCT ANALYSIS (a)

	Lines of product	# products	Product Versions	Technology Level
HEALTHCARE LIQUID FILTRATION				
Intravenous Solutions (IV) and Liquid Filters	4	11	84	High
Infusion Disc Filters	1	9	25	High
Mesh and Blood Tubular Filters	3	31	51	High
Bacterial Air Vents	5	19	18	High
Transducer Protectors / Blood Catchers / GAS Venting	2	13	20	High
IV Flow Regulators	1	2	2	High
Leukocyte Filters	1	1	6	High
Luer Connectors	1	20	87	Low
Clamps Closure Devices	4	13	23	Low
Injection Ports	1	8	16	Low
Suspended Spikes	1	3	6	Low
Single & Multi-Way Connectors	1	15	53	Low
IV Drip Chambers	1	1	2	Low
Blood Transfusion Drip Chambers	1	1	2	Low
Hemodialysis Blood Chambers	1	3	6	Low
Blow Molded Chambers	1	3	4	Low
Leukocyte Filter Sets	1	1	4	Low
Total	30	154	409	-
LIFE SCIENCES (LABORATORY)				
Microfiltration Filter Devices	1	8	157	Low
Microbiology	1	5	58	Low
Disc and Sheet Membranes	1	14	695	Low
Air Monitoring	1	4	74	Low
Transfer Membranes	1	5	67	Low
Protein Array	1	3	10	Low
Total	6	39	1061	-



A) Transducer protectors



B) Quartered microfiber membrane



C) EPI-MAX filter



D) Kit DNA/RNA tests



E) Speed flow filter



F) Drip chamber



G) Amplification kit for surveys

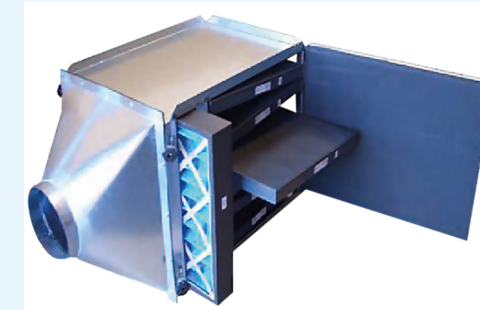
(i) Healthcare & Life Sciences. GVS is equipped and specialized to develop OEM products in partnerships with several of the most important manufacturers around the world.

(ii) Health & Safety. There are 4 main methods of filtration, air filters in heating, ventilation and air conditioning (HVAC) applications air conditioning (HVAC) normally rely on only two of them to capture particulate pollutants: one is "mechanical" type, the other is "electrostatic" type.

Source: Company data

PRODUCT ANALYSIS (b)

	Lines of products	# products	Product Versions	Technology Level
HEALTHCARE AIR FILTRATION				
Bacterial/Viral Filters Electrostatic	2	8	42	High
Bacterial/Viral Filters HEPA	1	2	9	High
HME Filters Electrostatic & HEPA	1	6	30	High
HME Filter Electrostatic	1	4	16	High
HME HME	1	13	45	High
Comfort-Fit Bacterial/Viral - HMEF - HME	1	3	11	High
HME HUMI-TRAQ Filters Tracheal HME	1	3	12	High
Gas Delivery Electrostatic	1	2	2	High
Spirometry Filters	1	6	8	High
Spirometry Accessories	1	5	23	Low
Device Filtration: Expiratory - Ventilator Filters HEPA	1	10	13	High
Device Filtration: Medguard & Sca-Niox Filters	1	4	6	High
Device Filtration: Suctions Filters	1	22	36	High
Device Filtration: Insufflation Filters	1	21	31	Low
Device Filtration: Insufflation Filters Kits	1	8	13	High
Device Filtration: Smoke Evacuation Filter	1	3	6	High
Device Filtration: Vent Filters	1	7	7	High
Device Filtration: Autoclave Filter	1	4	8	High
Device Filtration: Oxygen Concentrators HEPA Filters, foam pre-filters and accessories	2	16	16	High
Device Filtration: CPAP/BIPAP Filter Range Foam filters	1	69	69	Low
Total	22	216	403	-



H) Rigid air filter, with replaceable filter



I) Mask OV AG P100 NIOSH



J) replacement of filter in critical environments



K) Mask Z-Link Tychem® 4000



L) FFP3 Mask



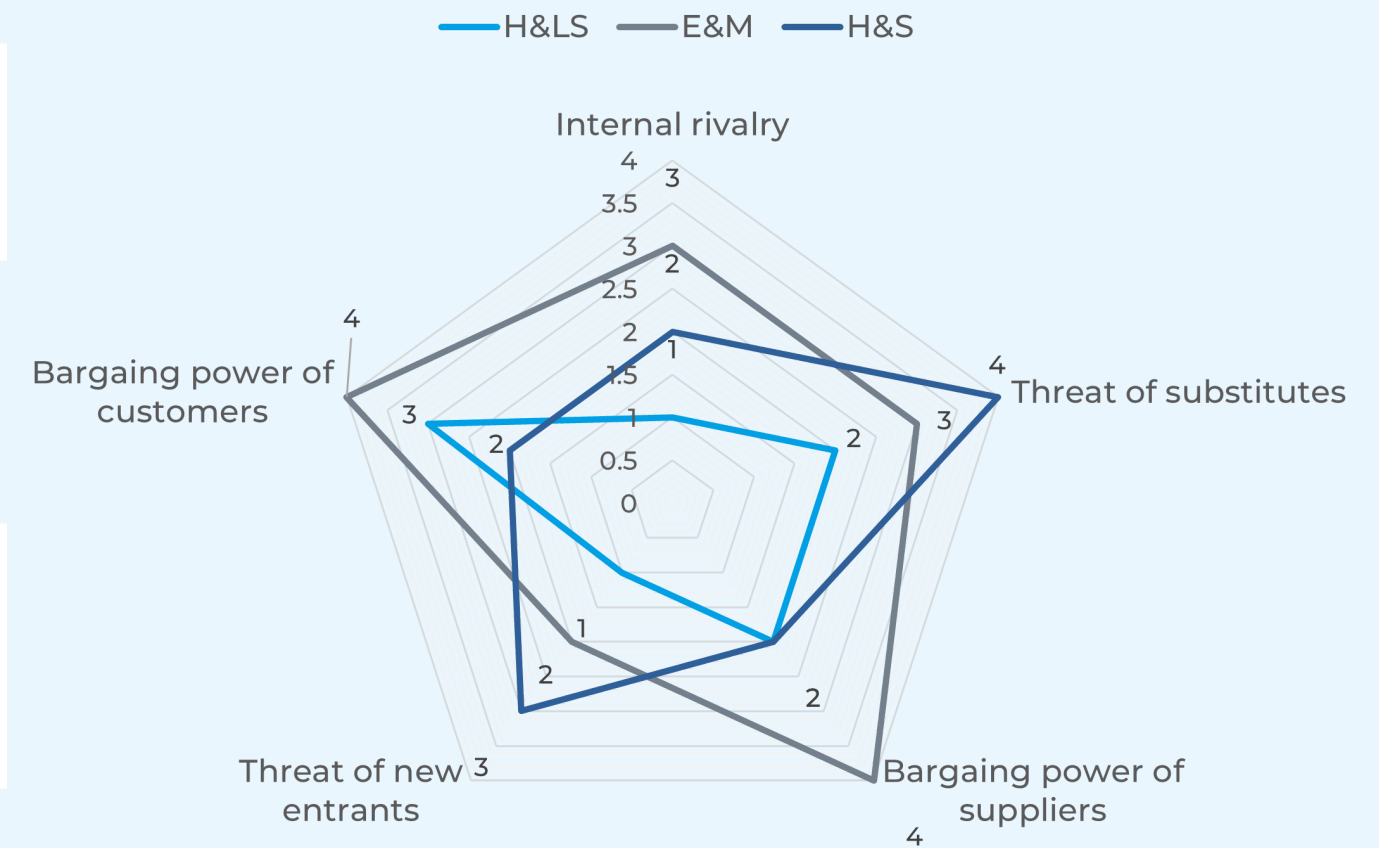
M) Sandblasting mask NOVA 2000

(iii) **Energy & Mobility**, product lines for the automotive industry now include chassis systems, powertrain, fuel system management, SCR Urea systems, mechatronics and motor air management.

Source: Company data

PORTER'S ANALYSIS

INDUSTRY	
Threat of New Entrants	<p>Relatively low due to several factors:</p> <ul style="list-style-type: none"> • High capital requirements to establishing manufacturing facilities and R&D capabilities • Economies of scale for existing companies • Brand loyalty and customer relationships • Regulatory requirements
Bargaining Power of Suppliers:	<p>Suppliers may have moderate to high bargaining power:</p> <ul style="list-style-type: none"> • Limited number of suppliers, thus having more leverage in negotiating prices and terms • Differentiation of inputs and lack of substitutes • Forward integration of suppliers
Bargaining Power of Buyers	<p>The bargaining power of GVS's customers may vary:</p> <ul style="list-style-type: none"> • Large volume buyers may have more negotiating power, especially if they can switch between suppliers easily • Differentiation of products of GVS may reduce the buyers' power • High switching costs for customers can reduce their bargaining power
Threat of Substitutes	<p>The threat of substitutes for filtration products may be relatively low:</p> <ul style="list-style-type: none"> • Unique properties tailored to specific applications reduce the availability of close substitutes • Essential function of filtration, also in maintaining quality standards and regulatory compliance, reduce the likelihood of substitution • High switching costs
Intensity of Rivalry among Competitors	<p>Competition within the filtration industry may be intense:</p> <ul style="list-style-type: none"> • Numerous competitors, ranging from large multinational corporations to smaller regional companies • Price competition, particularly for standardized filtration products with low product differentiation • Competition on innovation and differentiation to gain market share • Industry growth may influence the intensity of rivalry, with slower growth potentially leading to heightened competition for market share



Source: team elaboration

GEOGRAPHIC REVENUES BREAKDOWN

(Mln €)	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
North America	57.09	86.78	96.07	138.29	145.55	188.59	195.50	220.91	249.63	279.59	313.14	356.98	398.03	441.82	490.42	544.36	604.24
<i>% of sales</i>	35%	42%	42%	38%	43%	49%	46%	46%	46%	46%	45%	46%	46%	46%	46%	46%	46%
<i>Growth YoY %</i>	-	52%	11%	44%	5%	30%	4%	13%	13%	12%	12%	14%	12%	11%	11%	11%	11%
Europe	53.20	61.96	63.97	156.47	120.34	102.26	126.05	143.70	163.82	185.12	211.03	232.14	255.35	280.89	308.98	339.87	373.86
<i>% of sales</i>	32%	30%	28%	43%	36%	26%	29.7%	30%	30%	30%	30%	30%	29%	29%	29%	29%	28%
<i>Growth YoY %</i>	-	16%	3%	145%	-23%	-15%	23%	14%	14%	13%	14%	10%	10%	10%	10%	10%	10%
Asia	37.66	44.48	50.99	50.24	48.63	67.15	72.59	83.48	96.00	110.40	126.96	145.37	166.45	189.75	214.42	242.29	272.58
<i>% of sales</i>	23%	21%	22%	14%	14%	17%	17%	17%	18%	18%	18%	19%	19%	20%	20%	20%	21%
<i>Growth YoY %</i>	-	18%	15%	-1%	-3%	38%	8%	15%	15%	15%	15%	15%	15%	14%	13%	13%	13%
Others	16.89	15.68	16.39	18.30	23.62	29.60	30.85	33.32	35.99	38.87	41.98	45.34	48.96	52.88	57.11	61.68	66.61
<i>% of sales</i>	10%	8%	7%	5%	7%	8%	7%	7%	7%	6%	6%	6%	6%	5%	5%	5%	5%
<i>Growth YoY %</i>	-	-7%	5%	12%	29%	25%	4%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total Revenues	164.85	208.90	227.42	363.30	338.13	387.59	425.00	481.42	545.44	613.98	693.11	779.82	868.80	965.33	1,070.92	1,188.21	1,317.30
<i>Growth YoY %</i>	-	26.7%	8.9%	59.7%	-6.9%	14.6%	9.7%	13.3%	13.3%	12.6%	12.9%	12.5%	11.4%	11.1%	10.9%	11.0%	10.9%

Source: Company data

REVENUES BREAKDOWN BY DIVISIONS AND CLIENTS

(Mln €)	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Healthcare & Life Sciences	94.94	101.48	116.05	159.10	180.32	245.39	271.76	310.91	355.79	404.49	461.20	524.08	583.88	648.75	719.71	798.54	885.29
<i>% of sales</i>	58%	49%	51%	44%	53%	63%	64%	65%	65%	66%	67%	67%	67%	67%	67%	67%	67%
<i>Growth YoY %</i>	-	7%	14%	37%	13%	36%	11%	14%	14%	14%	14%	14%	11%	11%	11%	11%	11%
Healthcare & Liquid	54.73	60.07	69.55	80.25	100.11	181.30	200.78	229.71	262.86	298.85	340.74	387.21	431.38	479.32	531.74	589.98	654.08
Healthcare Air & Gas	23.92	23.69	26.31	58.67	48.61	30.03	33.26	38.05	43.54	49.50	56.44	64.14	71.46	79.40	88.08	97.73	108.34
Laboratory	16.29	17.72	20.19	20.19	31.60	34.06	37.72	43.15	49.38	56.14	64.01	72.74	81.04	90.04	99.89	110.83	122.87
Energy & Mobility	52.25	87.12	85.76	65.19	70.72	77.33	85.64	97.98	112.12	127.47	145.34	165.16	185.84	208.56	233.68	261.87	293.22
<i>% of sales</i>	32%	42%	38%	18%	21%	20%	20%	20%	21%	21%	21%	21%	21%	22%	22%	22%	22%
<i>Growth YoY %</i>	-	67%	-2%	-24%	8%	9%	11%	14%	14%	14%	14%	14%	13%	12%	12%	12%	12%
Powertrain & Drivetrain	21.83	38.47	40.43	27.18	29.00	31.18	34.53	39.50	45.20	51.39	58.60	66.59	74.93	84.08	94.21	105.58	118.22
Safety & Electronics	21.49	25.87	20.60	20.60	21.63	22.32	24.71	28.27	32.35	36.78	41.94	47.66	53.63	60.18	67.43	75.57	84.61
Sports & Utility	8.94	22.78	24.73	17.42	20.09	23.84	26.40	30.20	34.56	39.29	44.80	50.91	57.29	64.29	72.04	80.72	90.39
Health & Safety	17.66	20.30	23.99	139.00	87.10	64.88	67.60	72.52	77.54	82.01	86.58	90.58	99.08	108.02	117.53	127.80	138.79
<i>% of sales</i>	11%	10%	11%	38%	26%	17%	16%	15%	14%	13%	12%	12%	11%	11%	11%	11%	11%
<i>Growth YoY %</i>	-	15%	18%	479%	-37%	-26%	4%	7%	7%	6%	6%	5%	9%	9%	9%	9%	9%
Personal Safety	8.13	12.37	13.97	132.93	81.98	59.96	62.48	67.03	71.66	75.80	80.02	83.72	91.57	99.84	108.62	118.12	128.27
Air Safety	9.53	7.93	10.02	6.07	5.11	4.92	5.12	5.49	5.87	6.21	6.56	6.86	7.51	8.18	8.90	9.68	10.51
BtC	34.69	37.30	40.89	178.72	100.25	86.68	102.00	115.54	130.91	153.49	173.28	194.96	225.89	250.99	278.44	308.93	342.50
<i>% of sales</i>	21%	18%	18%	49%	30%	22%	24%	24%	24%	25%	25%	25%	26%	26%	26%	26%	26%
BtB	130.15	171.60	186.53	184.58	237.88	300.92	323.00	365.88	414.54	460.48	519.83	584.87	642.91	714.35	792.48	879.27	974.80
<i>% of sales</i>	79%	82%	82%	51%	70%	78%	76.0%	76%	76%	75%	75%	75%	74%	74%	74%	74%	74%
Total Revenues	164.85	208.90	227.42	363.30	338.13	387.59	425.00	481.42	545.44	613.98	693.11	779.82	868.80	965.33	1,070.92	1,188.21	1,317.30
<i>Growth YoY %</i>	-	26.7%	8.9%	59.7%	-6.9%	14.6%	9.7%	13.3%	13.3%	12.6%	12.9%	12.5%	11.4%	11.1%	10.9%	11.0%	10.9%

Source: Company data

NET INCOME

(Mln €)	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Total Revenues	164.85	208.90	227.42	363.30	338.13	387.59	425.00	481.42	545.44	613.98	693.11	779.82	868.80	965.33	1,070.92	1,188.21	1,317.30
<i>Growth YoY %</i>	16.1%	26.5%	9.1%	58.4%	-6.1%	14.3%	8.4%	13.3%	13.3%	12.6%	12.9%	12.5%	11.4%	11.1%	10.9%	11.0%	10.9%
Purchases of Raw Materials	-46.66	-62.32	-67.88	-88.56	-96.09	-141.20	-141.86	-142.40	-161.34	-181.61	-205.02	-230.67	-256.99	-285.54	-316.78	-351.47	-389.65
Gross Margin	120.53	149.10	162.70	276.65	246.98	250.84	273.38	331.59	387.20	439.05	500.92	563.21	626.23	695.44	771.26	855.75	948.57
Services Costs	-24.61	-22.92	-23.44	-36.22	-35.08	-53.97	-31.00	-30.93	-35.04	-39.44	-44.53	-50.10	-55.81	-62.01	-68.80	-76.33	-84.62
Personnel Expenses	-57.97	-70.65	-73.58	-98.88	-98.60	-123.53	-134.11	-152.00	-172.21	-193.85	-218.83	-246.21	-274.30	-304.78	-338.12	-375.15	-415.91
Other Costs (Savings for Efficiency)	-4.24	-2.87	-3.46	-3.20	-6.97	-5.90	-6.47	-7.33	7.68	8.64	9.76	10.98	12.23	13.59	15.08	16.73	18.54
EBITDA	33.70	52.66	62.22	138.36	106.33	67.43	101.80	141.33	187.62	214.40	247.32	277.88	308.35	342.23	379.42	421.00	466.58
<i>EBITDA margin %</i>	20.4%	25.2%	27.4%	38.1%	31.4%	17.4%	24.0%	29.4%	34.4%	34.9%	35.7%	35.6%	35.5%	35.5%	35.4%	35.4%	35.4%
D&A	-13.38	-18.42	-16.30	-19.03	-23.53	-37.97	-27.64	-27.98	-27.53	-28.39	-29.29	-30.39	-29.63	-29.91	-30.19	-30.58	-30.89
EBIT	20.09	34.17	45.66	119.00	82.34	28.96	73.73	112.87	159.56	185.42	217.40	246.83	278.00	311.55	348.41	389.53	434.74
<i>EBIT margin %</i>	12.2%	16.4%	20.1%	32.8%	24.4%	7.5%	17.3%	23.4%	29.3%	30.2%	31.4%	31.7%	32.0%	32.3%	32.5%	32.8%	33.0%
Net Income	6.03	23.07	33.09	78.08	67.60	24.12	34.28	66.95	104.85	119.60	145.07	161.58	183.15	205.92	235.04	264.78	298.89
<i>ROS %</i>	3.66%	11.05%	14.55%	21.49%	19.99%	6.22%	8.07%	13.91%	19.22%	19.48%	20.93%	20.72%	21.08%	21.33%	21.95%	22.28%	22.69%
<i>ROE %</i>	10.41%	32.48%	35.11%	32.17%	22.89%	7.36%	9.47%	15.61%	19.64%	18.31%	18.17%	16.83%	16.02%	15.26%	14.84%	14.32%	13.92%
Earning per Share (€)	-	-	0.19	0.32	0.26	0.14	0.20	0.38	0.60	0.68	0.83	0.93	1.05	1.18	1.35	1.52	1.71

Source: Company data

BALANCE SHEET

(Mln €)	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Healthcare & Life Sciences	94.94	101.48	116.05	159.10	180.32	245.39	271.76	310.91	355.79	404.49	461.20	524.08	583.88	648.75	719.71	798.54	885.29
<i>% of sales</i>	58%	49%	51%	44%	53%	63%	64%	65%	65%	66%	67%	67%	67%	67%	67%	67%	67%
<i>Growth YoY %</i>	-	7%	14%	37%	13%	36%	11%	14%	14%	14%	14%	14%	11%	11%	11%	11%	11%
Healthcare & Liquid	54.73	60.07	69.55	80.25	100.11	181.30	200.78	229.71	262.86	298.85	340.74	387.21	431.38	479.32	531.74	589.98	654.08
Healthcare Air & Gas	23.92	23.69	26.31	58.67	48.61	30.03	33.26	38.05	43.54	49.50	56.44	64.14	71.46	79.40	88.08	97.73	108.34
Laboratory	16.29	17.72	20.19	20.19	31.60	34.06	37.72	43.15	49.38	56.14	64.01	72.74	81.04	90.04	99.89	110.83	122.87
Energy & Mobility	52.25	87.12	85.76	65.19	70.72	77.33	85.64	97.98	112.12	127.47	145.34	165.16	185.84	208.56	233.68	261.87	293.22
<i>% of sales</i>	32%	42%	38%	18%	21%	20%	20%	20%	21%	21%	21%	21%	21%	22%	22%	22%	22%
<i>Growth YoY %</i>	-	67%	-2%	-24%	8%	9%	11%	14%	14%	14%	14%	14%	13%	12%	12%	12%	12%
Powertrain & Drivetrain	21.83	38.47	40.43	27.18	29.00	31.18	34.53	39.50	45.20	51.39	58.60	66.59	74.93	84.08	94.21	105.58	118.22
Safety & Electronics	21.49	25.87	20.60	20.60	21.63	22.32	24.71	28.27	32.35	36.78	41.94	47.66	53.63	60.18	67.43	75.57	84.61
Sports & Utility	8.94	22.78	24.73	17.42	20.09	23.84	26.40	30.20	34.56	39.29	44.80	50.91	57.29	64.29	72.04	80.72	90.39
Health & Safety	17.66	20.30	23.99	139.00	87.10	64.88	67.60	72.52	77.54	82.01	86.58	90.58	99.08	108.02	117.53	127.80	138.79
<i>% of sales</i>	11%	10%	11%	38%	26%	17%	16%	15%	14%	13%	12%	12%	11%	11%	11%	11%	11%
<i>Growth YoY %</i>	-	15%	18%	479%	-37%	-26%	4%	7%	7%	6%	6%	5%	9%	9%	9%	9%	9%
Personal Safety	8.13	12.37	13.97	132.93	81.98	59.96	62.48	67.03	71.66	75.80	80.02	83.72	91.57	99.84	108.62	118.12	128.27
Air Safety	9.53	7.93	10.02	6.07	5.11	4.92	5.12	5.49	5.87	6.21	6.56	6.86	7.51	8.18	8.90	9.68	10.51
BtC	34.69	37.30	40.89	178.72	100.25	86.68	102.00	115.54	130.91	153.49	173.28	194.96	225.89	250.99	278.44	308.93	342.50
<i>% of sales</i>	21%	18%	18%	49%	30%	22%	24%	24%	24%	25%	25%	25%	26%	26%	26%	26%	26%
BtB	130.15	171.60	186.53	184.58	237.88	300.92	323.00	365.88	414.54	460.48	519.83	584.87	642.91	714.35	792.48	879.27	974.80
<i>% of sales</i>	79%	82%	82%	51%	70%	78%	76.0%	76%	76%	75%	75%	75%	74%	74%	74%	74%	74%
Total Revenues	164.85	208.90	227.42	363.30	338.13	387.59	425.00	481.42	545.44	613.98	693.11	779.82	868.80	965.33	1,070.92	1,188.21	1,317.30
<i>Growth YoY %</i>	-	26.7%	8.9%	59.7%	-6.9%	14.6%	9.7%	13.3%	13.3%	12.6%	12.9%	12.5%	11.4%	11.1%	10.9%	11.0%	10.9%

Source: Company data

FINANCIAL DEBT BREAKDOWN

	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Total Financial Debt Outstanding	221.88	449.20	420.38	349.94	280.51	428.81	370.97	416.82	462.52
Additional Long Run Debt	-	-	-	-	-	308.25	147.00	213.13	262.52
Total Interest Expenses	9.77	15.33	24.60	19.46	15.75	21.91	18.73	20.92	5.34
Interest Coverage Ratio	8.43	1.89	1.33	3.30	4.81	4.01	5.41	5.62	-
Interest Rate	0.04	0.03	0.06	0.06	0.06	0.05	0.05	0.05	0.01
2014 Bond Loan (A2) Term Loan Starting Balance	15.00	10.00	5.00	-	-	-	-	-	-
Annual Interest Expenses	2.24	1.72	1.14	-	-	-	-	-	-
2017 Bond Loan (A1) Term Loan Starting Balance	24.00	16.00	8.00	-	-	-	-	-	-
Annual Interest Expenses	1.91	1.72	1.34	0.50	-	-	-	-	-
Club Deal Loan (2022) (B1) Term Loan Starting Balance	-	230.00	230.00	196.65	159.29	115.08	-	-	-
Annual Interest Expenses	-	-	13.32	12.95	7.48	5.23	3.32	-	-
Club Deal Loan (2021) (B2) Term Loan Starting Balance	150.00	150.00	121.50	98.42	73.20	-	-	-	-
Annual Interest Expenses	-	4.07	8.57	6.44	3.64	2.35	-	-	-
Unicredit Mortgage (2020) (B3) Term Loan Starting Balance	20.00	20.00	20.00	20.00	20.00	-	-	-	-
Annual Interest Expenses	5.56	6.53	8.90	8.80	8.00	-	-	-	-
Mediobanca Loan (2020) (B4) Term Loan Starting Balance	20.00	20.00	20.00	20.00	20.00	-	-	-	-
Annual Interest Expenses	0.06	1.29	2.25	2.71	1.60	-	-	-	-
Loans taken out by Haemotronic SpA (2022) (C1) Term Loan Starting Balance	-	16.46	15.60	14.60	7.75	5.19	3.69	3.69	-
Annual Interest Expenses	-	-	0.08	0.07	0.04	0.03	0.02	0.02	-

Source: Company data

CASH COVERSION CYCLE

(Mln €)	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Total Revenues	164.85	208.90	227.42	363.30	338.13	387.59	425.00	481.42	545.44	613.98	693.11	779.82	868.80	965.33	1,070.92	1,188.21	1,317.30
Raw Materials	46.66	62.32	67.88	88.56	96.09	141.20	141.86	142.40	161.34	181.61	205.02	230.67	256.99	285.54	316.78	351.47	389.65
Inventories	30.14	32.96	31.49	46.05	72.35	106.92	97.16	89.73	92.83	99.51	112.34	126.39	140.81	156.46	173.58	192.59	213.51
Receivables	36.98	39.36	35.16	52.08	52.98	72.94	75.68	85.73	97.13	109.34	123.43	138.87	154.72	171.91	190.71	211.60	234.59
Payables	-16.12	-18.48	-13.19	-25.59	-23.82	-57.94	-62.93	-59.36	-59.18	-60.56	-61.53	-69.23	-77.13	-85.70	-95.07	-105.48	-116.94
DIO	235.75	193.05	169.32	189.79	274.82	276.40	250.00	230.00	210.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
DSO	81.88	68.77	56.43	52.33	57.19	68.69	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
DPO	126.12	108.23	70.91	105.45	90.48	149.79	161.92	152.15	133.89	121.72	109.55	109.55	109.55	109.55	109.55	109.55	109.55
Cash Conversion Cycle (days)	191.51	153.59	154.84	136.67	241.53	195.30	153.08	142.85	141.11	143.28	155.45	155.45	155.45	155.45	155.45	155.45	155.45

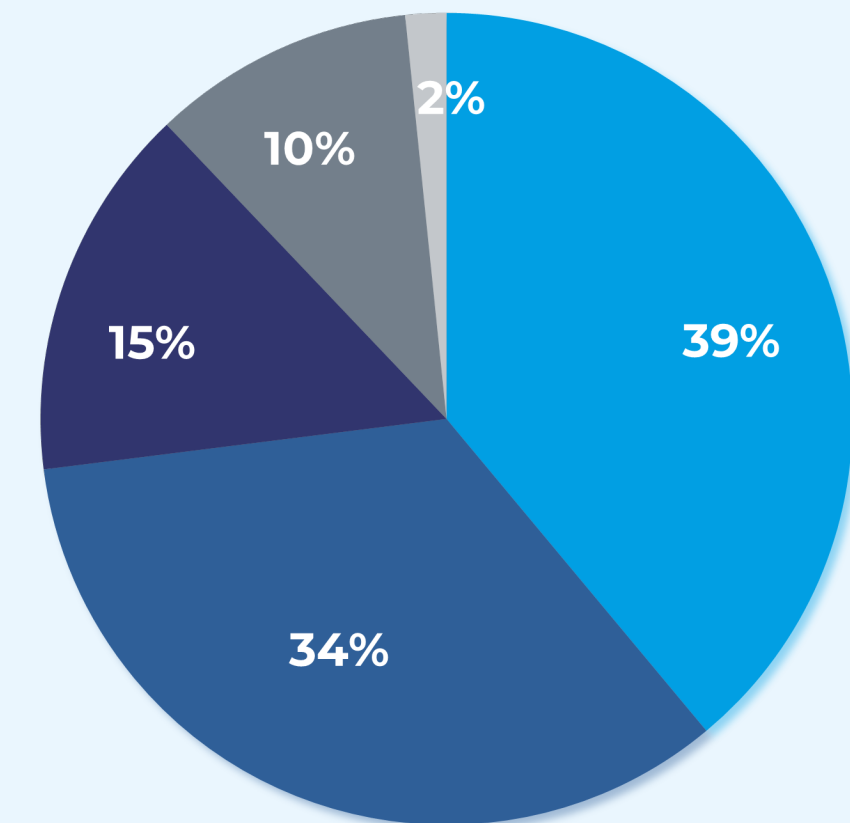
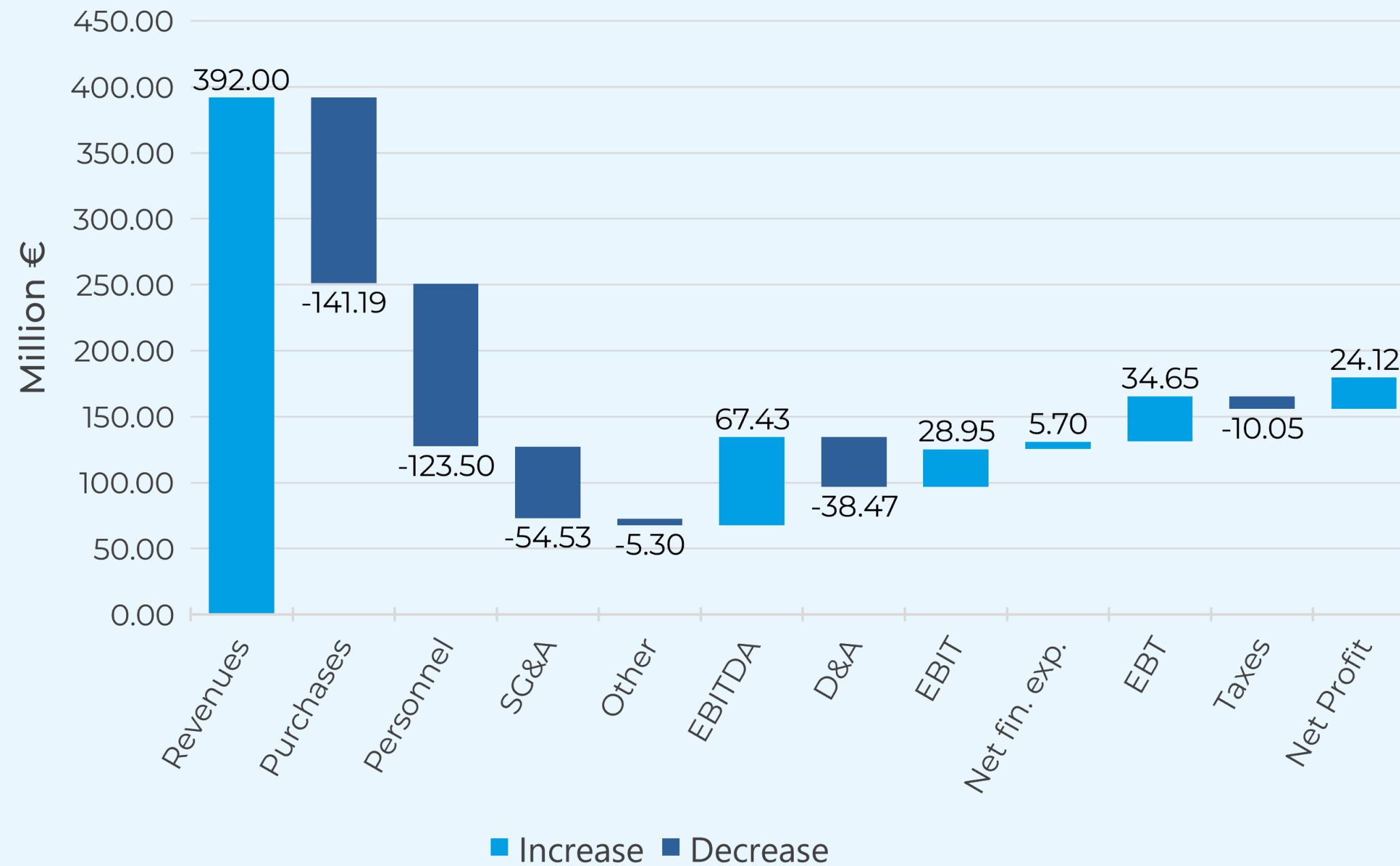
Source: Company data

COST BREAKDOWN

Break down of Cost	2017A	2018A	2019A	2020A	2021A	2022A
Total Revenues	167.19	211.42	230.59	365.21	343.08	392.03
Purchases of Raw Materials	- 46.66	- 62.32	- 67.88	- 88.56	- 96.09	- 141.20
As % of Revenues	27.9%	29.5%	29.4%	24.2%	28.0%	36.0%
Services	- 24.61	- 22.92	- 23.44	- 36.22	- 35.08	- 53.97
As % of Revenues	14.7%	10.8%	10.2%	9.9%	10.2%	13.8%
Personnel expenses	57.97	70.65	73.58	98.88	98.60	123.53
As % of Revenues	34.7%	33.4%	31.9%	27.1%	28.7%	31.5%
Number of Employes	2,142.00	2,263.00	2,314.00	3,113.00	3,077.00	5,533.00
Rev per Employee (€ Thous)	78.05	93.42	99.65	117.32	111.50	70.85
Other Operating Costs	- 4.24	- 2.87	- 3.46	- 3.20	- 5.39	- 5.30
As % of Revenues	2.5%	1.4%	1.5%	0.9%	1.6%	1.4%
Depreciation & Amortization	- 13.38	- 18.42	- 16.30	- 19.03	- 23.53	- 37.97
As % of Revenues	8.0%	8.7%	7.1%	5.2%	6.9%	9.7%
EBIT	20.09	34.17	45.66	119.00	82.34	28.96
EBIT margin %	12.0%	16.2%	19.8%	32.6%	24.0%	7.4%

Source: Company data

COST DRIVERS

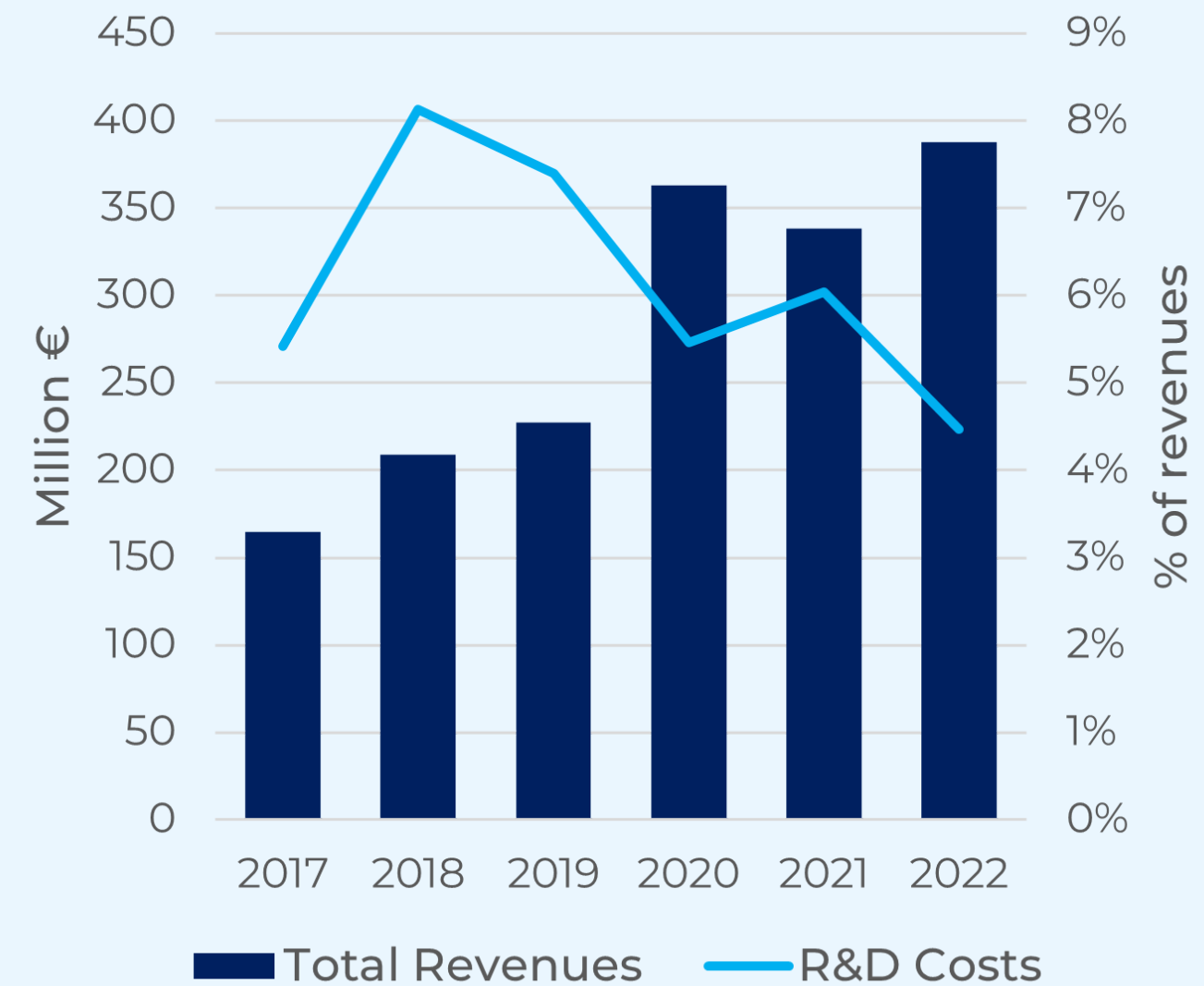


- Purchases of Raw Materials
- Personnel Expenses
- Services Costs
- D&A
- Others Costs

Source: Company data

R&D

2022	R&D(% of Sales)
Sartorius AG	5.03%
Danaher Corp	5.47%
Becton Dickinson and Co	6.47%
STERIS plc	1.96%
Baxter International Inc	4.4%
MSA Safety Inc	3.80%
Donaldson Company Inc	2.33%
3M Co	5.79%
Peer group averages	4.41%
GVS	4.5%



Source: Company data

CASHFLOW BREAKDOWN

CASH FLOW	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Gross Operating Cash Flow	44.87	53.58	100.47	90.73	96.14	90.75	103.25	137.01	163.96	194.85	221.35	244.29	269.82	297.09	328.38	362.22
Δ WC	-2.84	0.38	-19.09	-28.96	-20.41	12.00	-6.19	-14.67	-17.51	-25.95	-21.80	-22.37	-24.27	-26.54	-29.48	-32.45
Δ Other Current assets/liabilities	4.44	2.51	16.83	-24.33	10.31	4.10	3.75	4.19	4.71	5.60	7.66	8.44	9.21	10.70	12.47	14.58
Δ Risk reserves	-1.60	-0.08	1.00	3.65	4.57	-6.45	0.18	0.48	0.57	0.50	-0.02	-0.79	0.15	0.15	0.09	0.01
CFO	45.33	56.68	99.52	40.96	90.87	99.95	101.11	127.08	151.76	174.98	207.19	229.53	254.94	281.41	311.47	344.35
%yoy	0.00	0.25	0.76	-0.59	1.22	0.10	0.01	0.26	0.19	0.15	0.18	0.11	0.11	0.10	0.11	0.11
Total Investments	-11.49	-14.75	-33.71	-168.03	-370.63	-32.69	-48.19	-28.53	-30.38	-106.98	-104.48	-40.26	-58.76	-61.00	-63.56	-66.25
Capex	-2.01	-10.40	-36.75	-23.67	-86.48	-12.97	-23.11	-19.25	-20.47	-65.19	-65.82	-30.15	-31.24	-32.93	-34.79	-36.87
Investment in Intangibles	-9.48	-4.35	3.04	-144.36	-284.16	-19.71	-25.09	-9.28	-9.92	-41.79	-38.66	-10.11	-27.52	-28.07	-28.76	-29.39
FCF	33.85	41.93	65.81	-127.07	-279.77	67.26	52.92	98.55	121.38	68.00	102.71	189.27	196.18	220.41	247.91	278.10
Financial Income and expenses	-1.88	-1.99	-13.11	7.42	5.67	-26.66	-22.21	-18.18	-23.73	-21.62	-28.77	-30.92	-33.83	-31.70	-32.87	-32.29
Other non cash adjustments	-2.85	-3.43	13.25	-12.06	1.99	2.55	2.55	2.45	2.06	2.11	2.13	2.15	2.17	2.21	2.27	2.35
Delta	2.77	3.18	-13.58	11.60	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50
Minorities	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF after extraordinary and financial adj	29.12	36.52	65.96	-131.70	-272.10	43.15	33.26	82.82	99.70	48.50	76.07	160.50	164.52	190.91	217.31	248.16

Source: Company data

DCF SCHEME

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Nopat	6.03	23.07	33.09	78.08	67.60	24.12	34.28	66.95	104.85	119.60	145.07	161.58	183.15	205.92	235.04	264.78	298.89
growth YoY		282.3%	43.42%	135.96%	-13.42%	-64.32%	42.12%	95.30%	56.62%	14.07%	21.30%	11.38%	13.35%	12.44%	14.14%	12.65%	12.88%
Capex	-	11.49	14.75	33.71	168.03	370.63	32.69	48.19	28.53	30.38	106.98	104.48	40.26	58.76	61.00	63.56	66.25
D&A	13.38	18.42	16.30	19.03	23.53	37.97	27.64	27.98	27.53	28.39	29.29	30.39	29.63	29.91	30.19	30.58	30.89
Δ WC	- 2.84	0.38	- 19.09	- 28.96	-20.41	12.00	- 6.19	- 14.67	- 17.51	-25.95	- 21.80	- 22.37	- 24.27	- 26.54	- 29.48	- 32.45	
FCFF	16.57	30.38	15.56	34.44	- 97.31	- 296.54	23.04	32.06	86.34	91.65	45.58	65.12	148.25	150.54	174.74	199.35	263.53

TARGET PRICE: 8.45 €/Share

Source: Company data, team elaboration

WACC DERIVATION

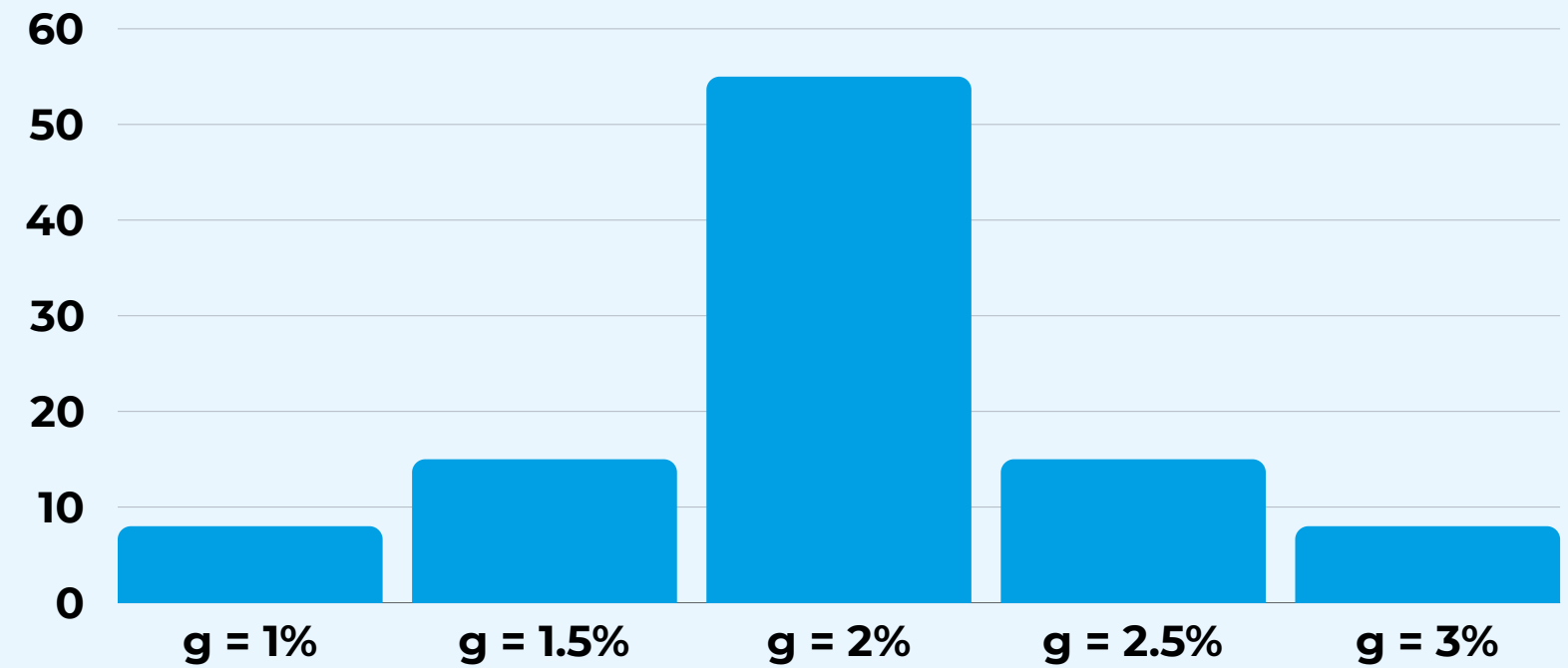
Cost of Equity: r_e	10.59%	$r_e = r_f + \beta_m [ERP] + \beta_s [SMB] + \beta_v[HML]$
Risk free rate: r_f	2.36%	Average of daily returns of 10Y Government Bonds of Euro Zone AAA issuers
Beta Market: β_m	0.9617	Multi Linear Regression of realized weekly GVS returns against ERP, SMB, HML
Beta Size: β_s	0.3110	
Beta Value: β_v	0.5216	
Equity Risk Premium: ERP	8.50%	Average ERP of Stoxx 600 and FTSE Mid Cap (2020- February 2024)
Small - Big Mkt Cap: SMB	-0.018	Average Weekly return of FTSE Small Mid Cap - MSCI Europe Large Cap
High - Low Mkt/Book: HML	0.011	Average Weekly return of MSCI Europe Growth - MSCI Europe Value
Cost of Debt: r_d	8.80%	$r_d = r_f + ICR_s + CRP$
Interest Coverage Ratio Spread: ICR_s	1.07%	EBITDA/Interest Expenses (Damodaran)
Country Risk Premium: CRP	5.37%	Weighted Average of CRP, based on geographical revenue (Damodaran)
Debt Structure: D/E	0.4134	Current Leverage Ratio
Average Tax Rate: τ	26%	Average Tax Rate payed by GVS (2019 - 2023E)
r_{WACC}	9.12%	$r_{WACC} = (D/(E+D))(1 - \tau) r_d + (E/(D+E)) r_e$

Source: team elaboration

DCF SENSITIVITY ANALYSIS

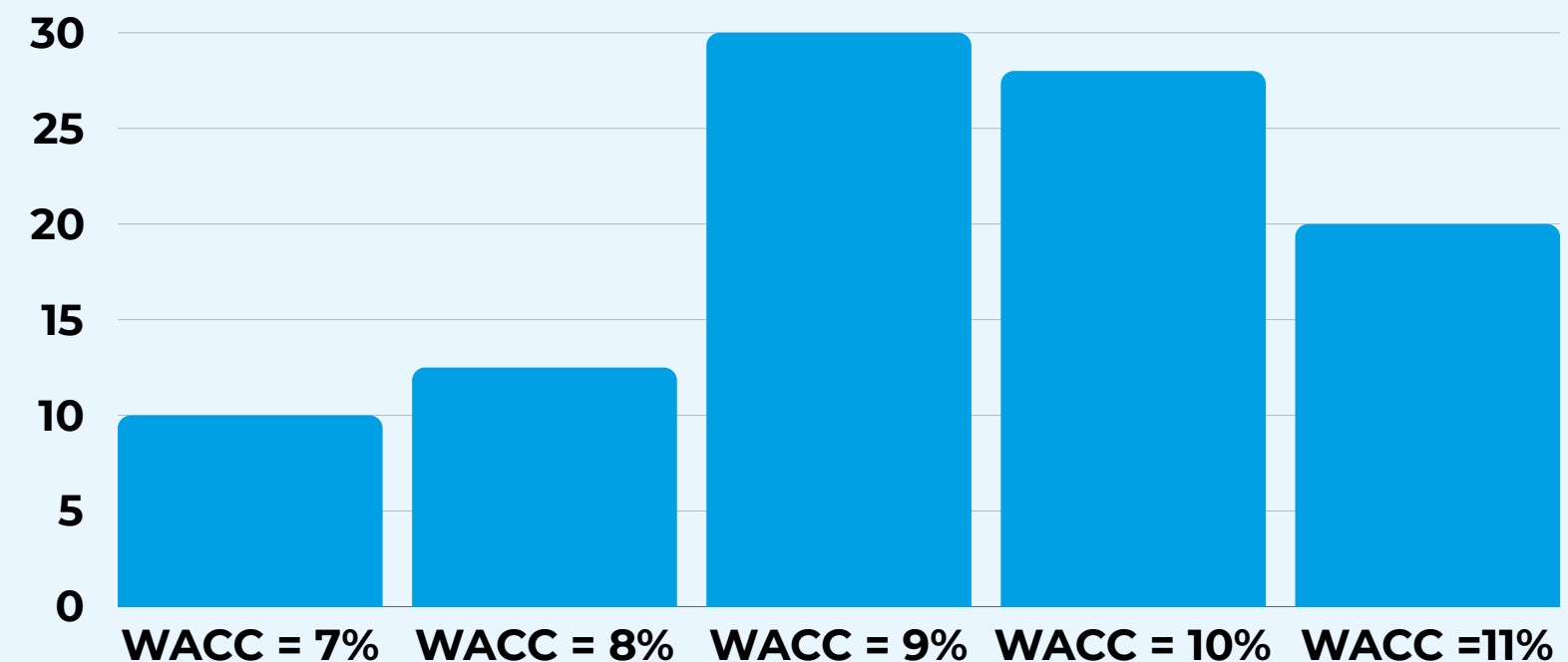
STANDARD SENSITIVITY

WACC\g	0.01	0.015	0.02	0.025	0.03
0.07	11.127	11.89	12.81	13.928	15.328
0.08	9.1569	9.6617	10.25	10.947	11.782
0.09	7.7106	8.06	8.459	8.919	9.4562
0.1	6.6103	6.8602	7.141	7.46	7.8242
0.11	5.7501	5.934	6.138	6.3665	6.6234



PROBABILITY MATRIX

Marginal Prob	0.075	0.15	0.55	0.15	0.075
0.1	0.0075	0.015	0.055	0.015	0.0075
0.125	0.0094	0.0188	0.069	0.0188	0.0094
0.3	0.0225	0.045	0.165	0.045	0.0225
0.275	0.0206	0.0413	0.151	0.0413	0.0206
0.2	0.015	0.03	0.11	0.03	0.015



Source: team elaboration

RELATIVE VALUATION

	Market Cap (Mln€)	EV (Mln€)	Price to Book	Price to Sales	Price to EPS	EV to Sales	EV to EBITDA
Healthcare & Life Sciences (Weighted)	56,421.60	64,720.74	3.00	4.77	25.87	5.39	19.20
<i>Danaher Corp</i>	153,616.69	162,879.66	2.87	5.51	28.87	5.82	18.72
<i>Sartorius AG</i>	21,932.35	27,643.15	5.50	4.96	38.30	7.66	23.92
<i>STERIS plc</i>	17,521.03	20,178.34	3.22	3.88	23.53	4.41	16.25
<i>Becton Dickinson and Co</i>	70,956.92	84,632.37	2.12	3.85	17.67	4.62	18.93
<i>Baxter International Inc</i>	18,081.02	28,270.20	2.36	1.25	12.09	1.96	10.11
Health & Safety (Weighted)	18,322.93	21,957.57	4.65	2.02	11.85	2.12	8.53
<i>3M Co</i>	48,890.56	59,163.94	5.18	1.85	10.69	1.91	7.08
<i>MSA Safety Inc</i>	5,862.46	6,412.21	2.48	3.71	21.98	3.91	16.15
<i>Avon Protection PLC</i>	215.78	296.57	1.47	0.93	19.84	1.29	8.54
Energy & Mobility (Weighted)	26,398.14	32,150.81	5.76	2.87	18.74	2.36	14.10
<i>Donaldson Company Inc</i>	6,929.54	7,355.82	5.94	2.23	18.89	2.37	13.97
<i>Parker-Hannifin Corp</i>	45,866.73	56,945.80	4.85	3.04	18.97	3.26	15.04
Industry (Weighted for Mkt Cap)	33,714.22	39,609.71	3.54	4.40	22.21	4.31	16.61
<i>GVS SpA</i>	760.39	1,075.32	2.43	2.11	20.84	2.83	11.55
GVS SpA Multiple Price			7.76	10.86	3.57	0.66	8.52

TARGET PRICE: 9.72 €

Source: Companies data, team elaboration

PRINCIPAL COMPONENT ANALYSIS

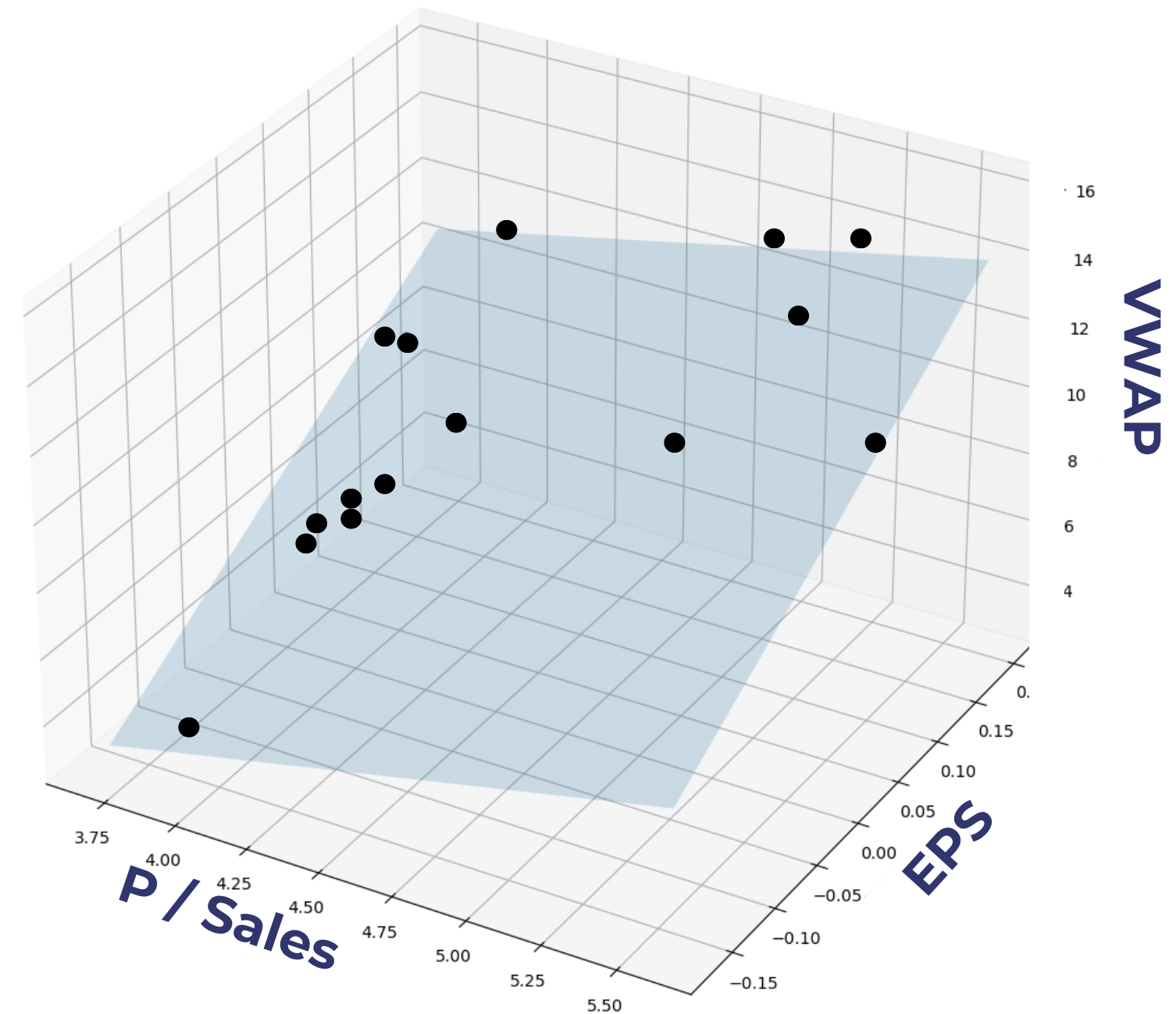
We started with the following KPIs:

- Price to Book
- Book Value per Share
- **Price to Revenue per Share**
- Sales
- Sales Per share
- Price to Diluted EPS
- **Diluted EPS**
- EV to EBITDA
- EBITDA
- Net debt

At the end, we found that the most efficient regression resulted to be:

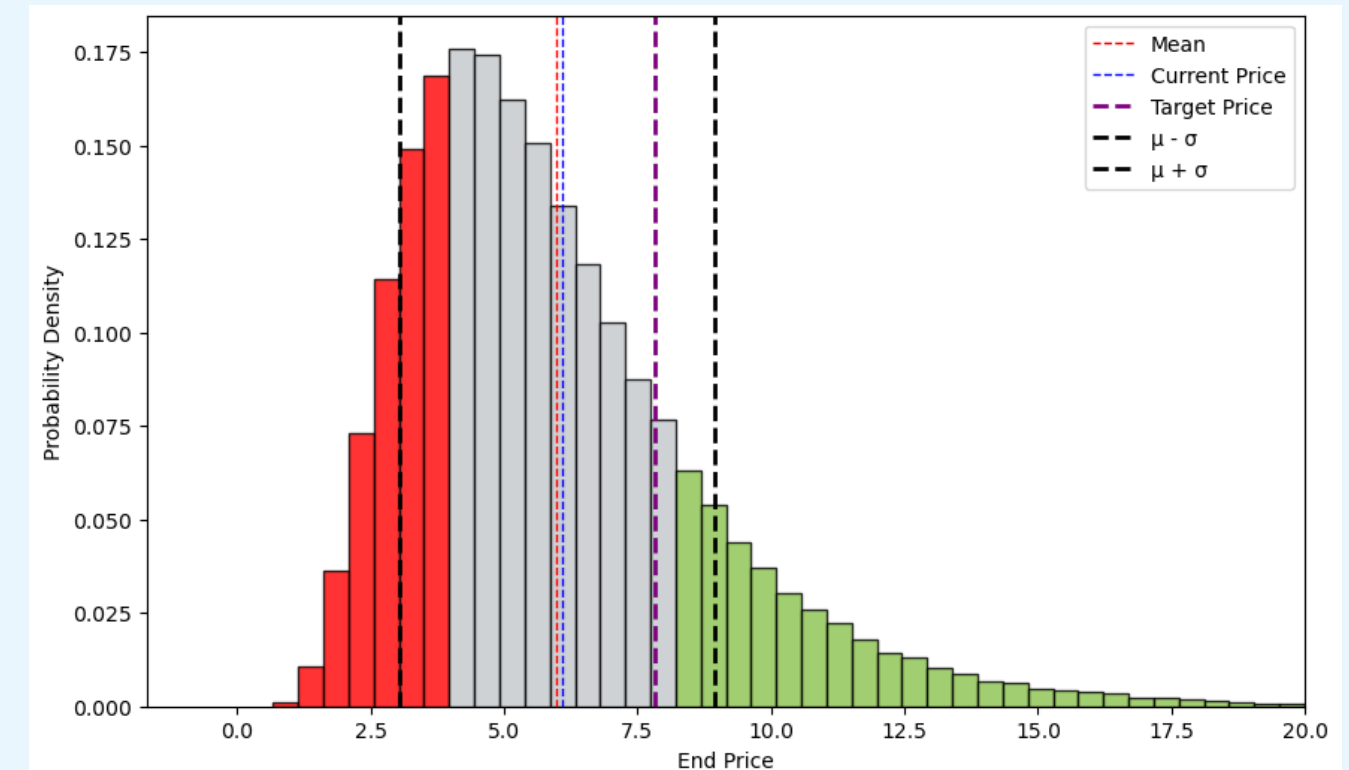
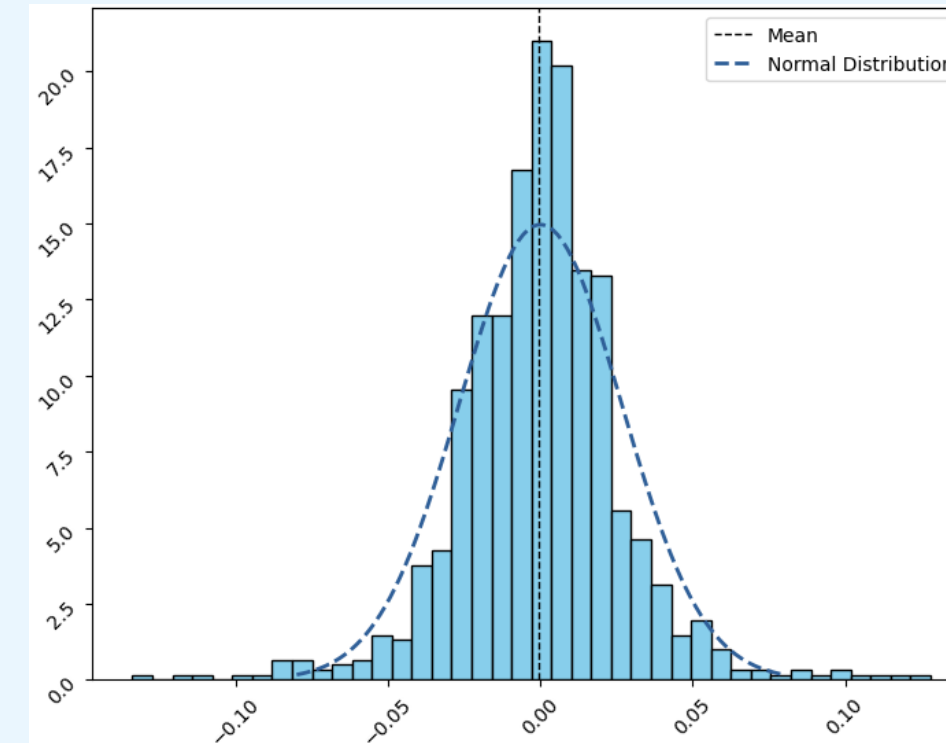
$$\text{Quarterly VWAP} = \overset{\text{(pval} < 0.01)}{\mathbf{1.7957}} \text{ P/R} + \overset{\text{(pval} < 0.05)}{\mathbf{20.2770}} \text{ EPS}$$

$$\text{Adj } R^2 = \mathbf{0.937}$$



MONTE CARLO METHODS

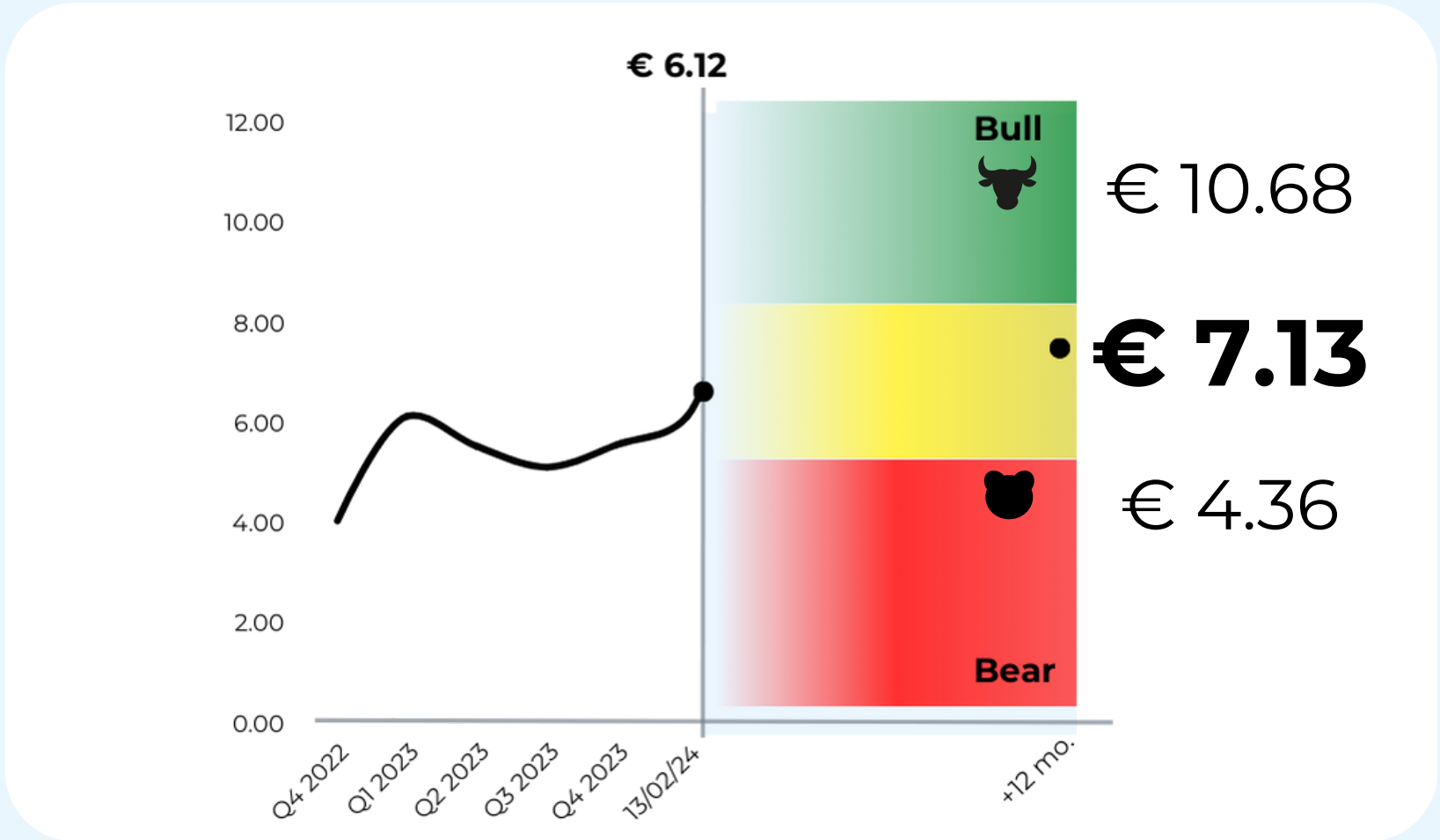
	MC on Prices	MC DCF
Results	6.02 €	4.17 €
Parameters	historical drift and diffusion	linear combination of historical and estimated (base case DCF) drift and diffusion
Description	100K paths with 252 steps : each simulation represent a daily price.	1000 vectors with 10 entries : each simulation represent a 10-year DCF model.
Pros	MC is a plug-in, easy and efficient approximation solution method for problems which are not solvable in closed form	
Cons	with GBM you obtain Gaussian returns , which are in fact Leptokurtic , leading to less fat-tail events w.r.t reality.	with GBM you obtain Gaussian FCFF changes , which are not so far from the actual distribution, leading to a reliable proxy.



Source: team elaboration

BULL BASE BEAR SCENARIOS

2028	Bear	Base	Bull Scenario
Revenues	712.69	779.82	800.41
EBITDAm %	27.7%	35.6%	37.3%
EBITm %	24.03%	31.7%	33.4%
CapEx%	3.24%	8.44%	8.22%



Source: team elaboration

VALUATION SUMMARY

Method	Result (€)	Weight
DCF	8.46	50%
Peer	9.72	5%
PCA	7.58	5%
MC Prices	6.02	20%
MC DCF	4.17	20%

TARGET PRICE 

7.13€/share

HOLD

MARKET RISKS

Inflation's Impact on Margins: Passing this increase in costs onto customers through price adjustments may not be completely feasible for the Company: as a consequence, margins could be squeezed and profitability negatively affected.

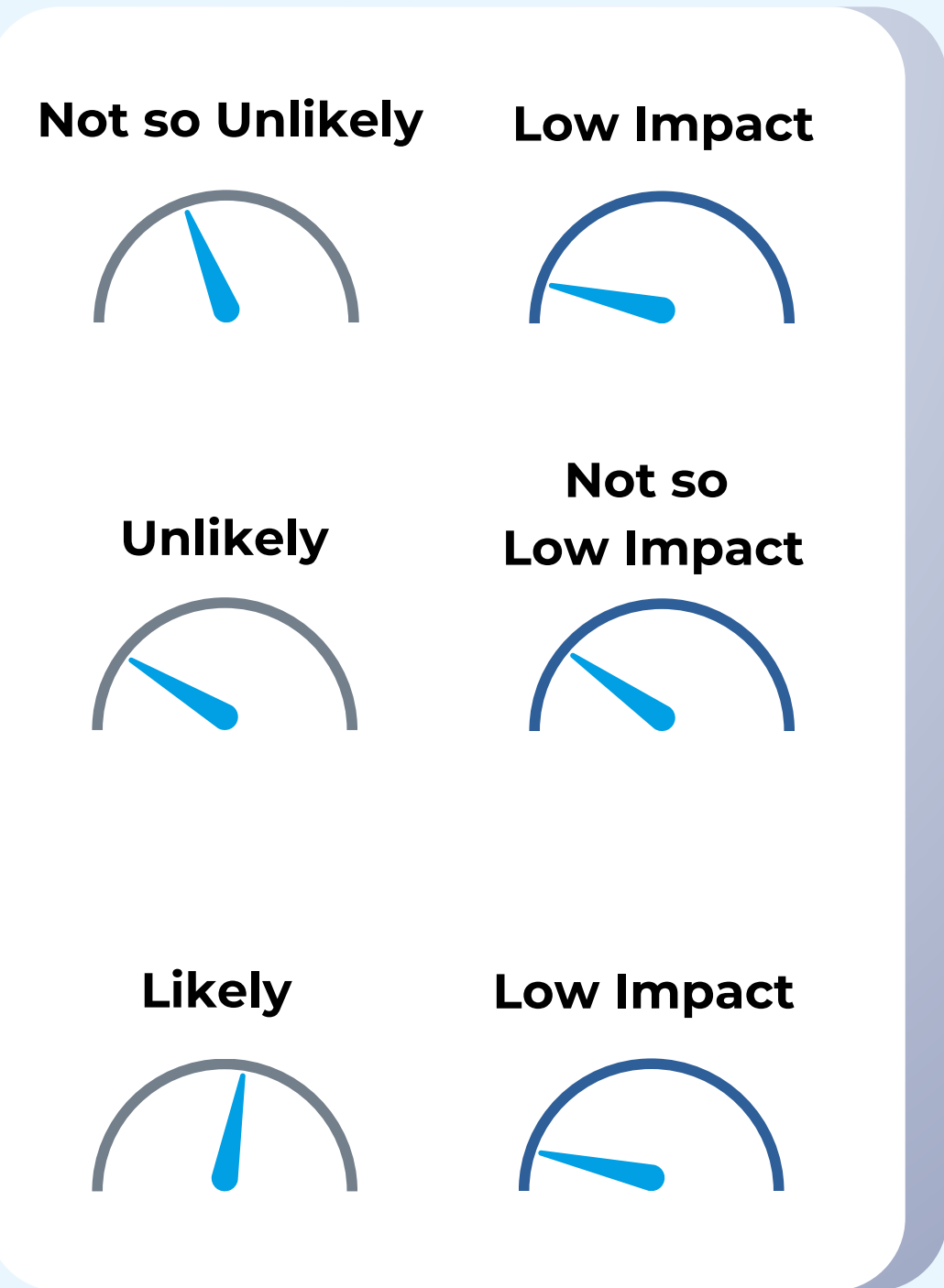
Mitigation: GVS may need to implement cost-saving initiatives, especially after the completion of 17 M&A in 13 years, negotiate favorable terms with suppliers, and continuously optimize production processes to absorb potential cost hikes.

Macroeconomic Uncertainty: . During periods of economic uncertainty, customers may delay or reduce their purchases, potentially leading to reduced revenue for GVS or to an extension in its FY23E Cash Conversion Cycle, currently estimated at 153 Days.

Mitigation: GVS should leverage its diversified distribution, currently engaged in 9 countries across the world, deploying its portfolio of 13 acquired brands, to better absorb potential shocks.

Supply Chain Bottlenecks: Failure of GVS's suppliers to meet the quality standards outlined could lead to local supply chain disruptions as the Company's production processes and product deliveries can be severely affected. In general, with a Trade Payables to Receivables ratio of 0.79, negotiation with suppliers seems to be balanced.

Mitigation: The Company should maintain close relationships with its suppliers, reinforcing its "local for local" policy. Additionally, GVS may consider diversifying its supplier base or investing in vertical integration to reduce dependence on external suppliers and, consequently, on supply chain disruptions.



OPERATIONAL RISKS 1

M&A Integration: Integrating 17 acquired companies poses challenges like technology integration and organizational restructuring, risking missed cost-saving opportunities and overpayment.

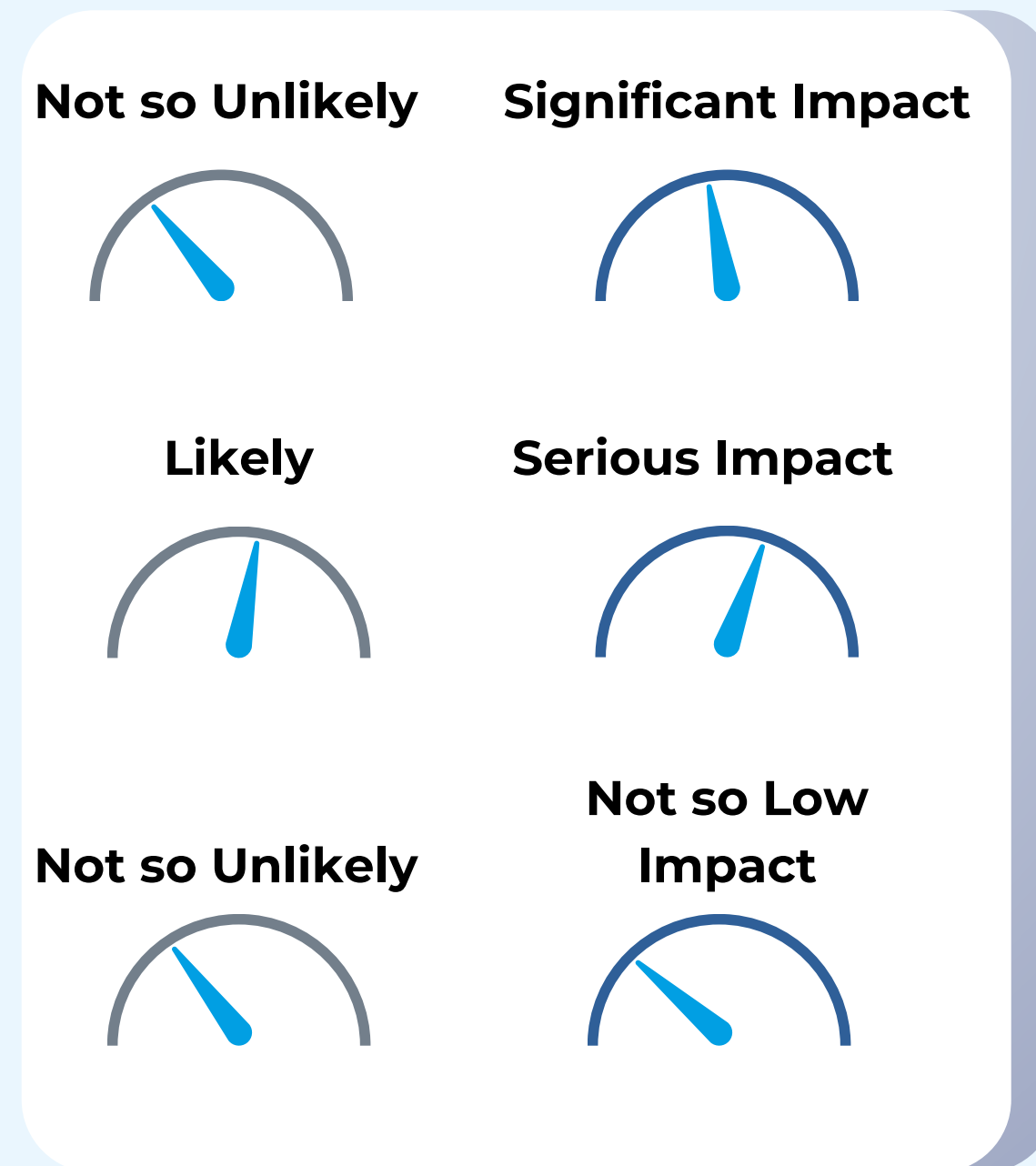
Mitigation: Develop a comprehensive integration plan, allocate resources, and establish clear communication channels to ensure a smooth transition and maximize acquisition value.

Debt Repayment: High debt levels increase financial risk, hindering GVS's leveraged buyout strategy, compounded by a high Interest Expenses to EBITDA ratio.

Mitigation: Deleverage over 3-4 years to achieve an Interest/EBITDA ratio of 10%, maintaining cash reserves and avoiding dividend distributions.

Loss of Key Figures: High employee turnover, notably among key personnel, disrupts operations and hinders growth potential, with GVS's turnover rate notably higher than industry average.

Mitigation: Implement effective employee retention strategies, offer competitive compensation, provide career development, and establish succession plans and knowledge transfer programs.



OPERATIONAL RISKS 2

Competition: Despite operating in regulated niches with entry barriers, competition may increase, leading to price pressures, reduced margins, and potential market share loss.

Mitigation: Differentiate products through innovation, invest in R&D (6% of revenues allocated), and focus on delivering superior value to customers.

Product Quality Standard: Maintaining high product quality is crucial for reputation, regulatory compliance, and customer satisfaction, with compromised quality risking recalls and brand damage.

Mitigation: Invest in quality control processes, rigorous testing, and continuous improvement initiatives to ensure consistent product quality across the portfolio.

Unlikely



Serious Impact



Unlikely



Really Serious Impact



FINANCIAL RISKS

Stock Liquidity: Since the IPO, the stock has experienced serious downturns, reaching a low of -67.16% on 11 November, 2022. Interestingly, apart from the first two days of trading following the IPO, traded volumes have decreased by two order of magnitudes, except for when the stock price dropped, leading to a general panic selling.

Mitigation: GVS should maintain adequate cash reserves, establish credit lines for emergency funding, and closely monitor cash flow projections, in order to sustain a potential buyback program, especially now that the stock is priced under the IPO price, improving shares tradability.

Tax: Tax risk encompasses operating in violation of applicable regulation, which can lead not only to legal, but also to financial and reputational repercussions. Despite being a multinational company operating over multiple countries, GVS does not participate in the cooperative compliance regime for large taxpayers outlined in the Italian Decree 12/2015.

Mitigation: The implementation of an appropriate tax control framework is essential to control tax risk. Appropriately reporting on fiscal risks, especially to administrative and strategic management, and integrating those risks into the corporate strategy can help control fiscal impacts on investment choices, including at the SBU level

Exchange Rate: Exchange rate risk arises from fluctuations in foreign exchange rates, which can impact the translation of GVS's foreign revenues, expenses, assets, and liabilities, denominated in 8 currencies, into its reporting currency (e.g., Euro). This can affect GVS's financial results, cash flows, and balance sheet values.

Mitigation: GVS may employ hedging instruments such as forwards or swaps to mitigate the impact of currency fluctuations; Alternatively, the Company's current "local for local" strategy can hedge this risk, as long as the Group is able to maintain its bargaining power both with its suppliers and its customers.



PROPRIETARY ESG MODEL

Scores for each metric:

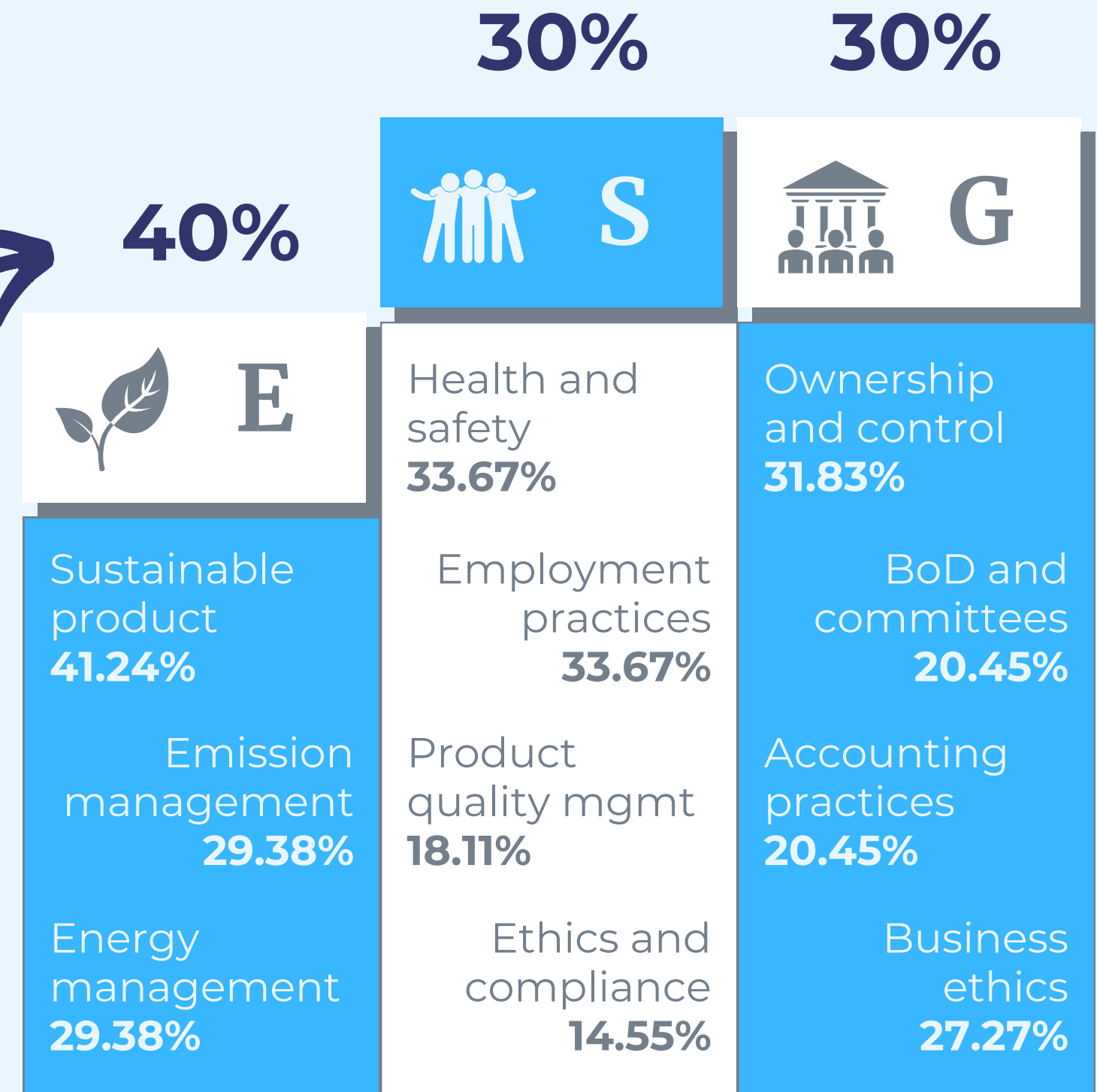
- industry progress
- GVS's position VS industry



Factor-level aggregation (equal weighting)
Pillar level aggregation and final aggregation

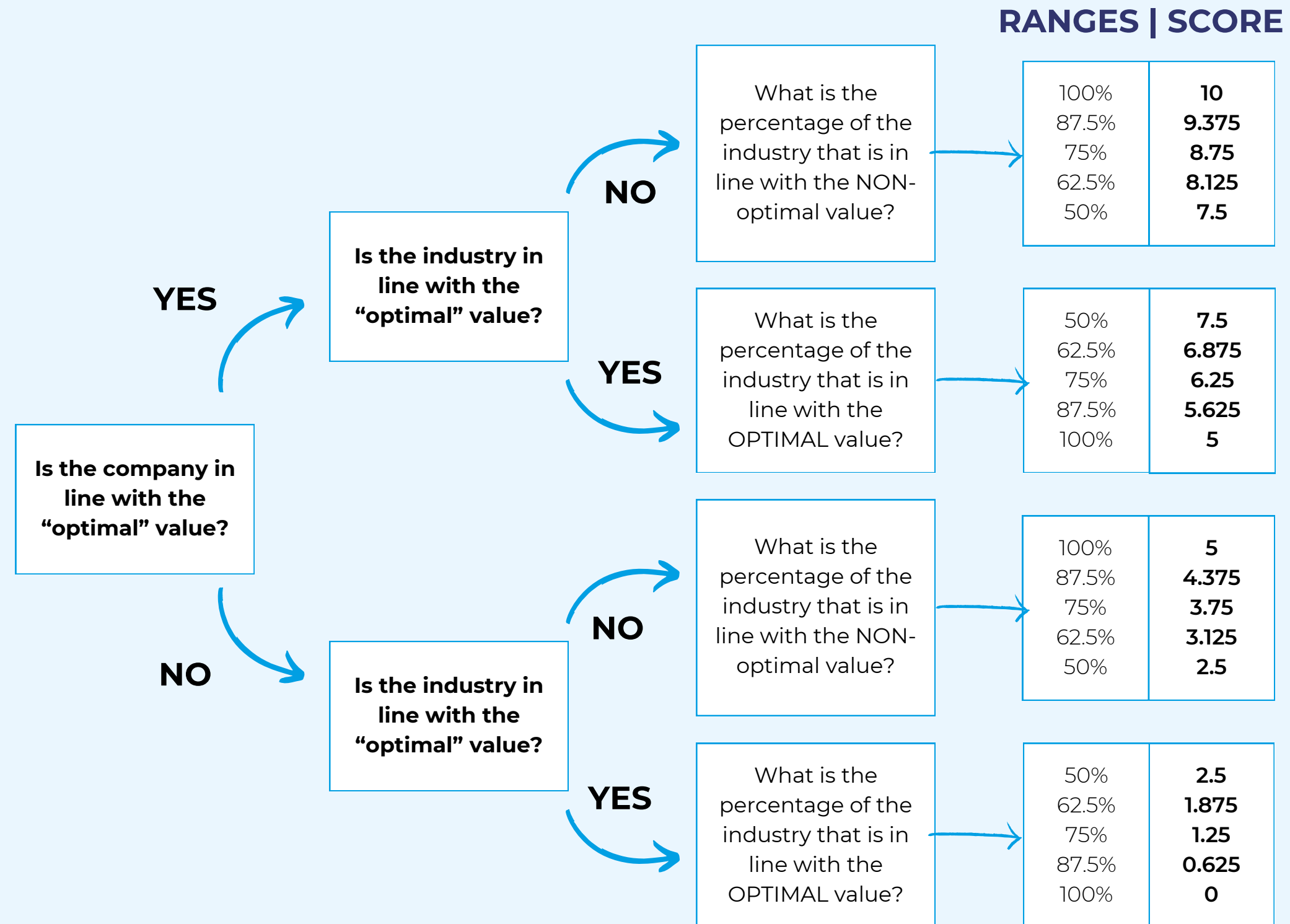
From score to rating

D	C	CC	CCC	B-	B	B+	BB-	BB	BB+
0.5	1	1.5	2	2.5	3	3.5	4	4.5	5
BBB-	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA
5.5	6	6.5	7	7.5	8	8.5	9	9.5	10



Source: Refinitiv, team elaboration

SCORING RATIONALE



Source: Refinitiv, team elaboration

ENVIRONMENTAL SCORE BREAKDOWN

Key factors	Metric	Optimal	GVS 2022	GVS 2021	GVS 2020	Industry (2022)	Best (2022)	Worst (2022)
Sustainable product (41.24%)	Policy Sustainable Packaging	TRUE	FALSE	FALSE	FALSE	T = 66.67%, F = 33.33%	TRUE	FALSE
	Policy Environmental Supply Chain	TRUE	TRUE	TRUE	TRUE	T = 83.33%, F = 16.67%	TRUE	FALSE
	Environmental Products	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Eco-Design Products	TRUE	FALSE	FALSE	FALSE	T = 41.67%, F = 58.33%	TRUE	FALSE
	Take-back and Recycling Initiatives	TRUE	FALSE	FALSE	FALSE	T = 33.33%, F = 66.67%	TRUE	FALSE
	Product Environmental Responsible Use	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Renewable/Clean Energy Products	TRUE	FALSE	FALSE	FALSE	T = 16.67%, F = 83.33%	TRUE	FALSE
Emission management (29.38%)	Policy Emissions	TRUE	FALSE	FALSE	FALSE	T = 100%, F = 0%	TRUE	TRUE
	Targets Emissions	TRUE	FALSE	FALSE	FALSE	T = 83.33%, F = 16.67%	TRUE	FALSE
	Total CO2 Emissions / Million in Revenue \$	LOW	49.63	49.86	43.66	34.06	4.05	113.35
	Total Waste / Million in Revenue \$	LOW	11.85	12.06	9.05	5.93	1.01	15.66
	Waste Recycled To Total Waste	HIGH	59.17%	48.57%	67.79%	53.09%	78.20%	0.11%
	Total Hazardous Waste / Million in Revenue \$	LOW	1.78	1.90	1.54	0.82	0.08	3.15
	Waste Reduction Initiatives	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	ISO 14000 or EMS	ISO 14000	ISO 14000	ISO 14000	ISO 14000	ISO 14000 = 100%, NO = 0%	ISO 14000	ISO 14000
	Staff Transportation Impact Reduction	TRUE	TRUE	TRUE	FALSE	T = 8.33%, F = 91.67%	TRUE	FALSE
	GHG Emissions Direct, Scope 1 to Revenue USD in million	LOW	11.42	6.91	6.10	13.50	2.86	70.7
GHG Emissions Indirect, Scope 2 to Revenue USD in million	LOW	38.21	42.95	37.56	20.55	1.19	42.65	
Energy management (29.38%)	Resource Reduction Policy	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Water Efficiency	TRUE	TRUE	TRUE	FALSE	T = 83.33%, F = 16.67%	TRUE	FALSE
	Policy Energy Efficiency	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Resource Reduction Targets	TRUE	FALSE	FALSE	FALSE	T = 58.33%, F = 41.67%	TRUE	FALSE
	Targets Water Efficiency	TRUE	FALSE	FALSE	FALSE	T = 50%, F = 50%	TRUE	FALSE
	Targets Energy Efficiency	TRUE	FALSE	FALSE	FALSE	T = 33.33%, F = 66.67%	TRUE	FALSE
	Total Energy Use / Million in Revenue \$	LOW	740.52	642.05	469.86	371.73	102.44	861.37
	Total Renewable Energy To Energy Use in million	HIGH	268389.08	344577.62	183313.03	190872.74	516394.96	34265.48
Total Water Use / Million in Revenue \$	LOW	272.55	184.86	164.15	324.11	35.4	1089.72	

Source: Refinitiv, team elaboration

SOCIAL SCORE BREAKDOWN

Key factors	Metric	Optimal	GVS 2022	GVS 2021	GVS 2020	Industry (2022)	Best (2022)	Worst (2022)
Health and safety on the worksite management (33.67%)	Health & Safety Policy	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Employee Health & Safety	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Supply Chain Health & Safety	TRUE	FALSE	FALSE	FALSE	T = 83.33%, F = 16.67%	TRUE	FALSE
	Health & Safety Training	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Employees Health & Safety OHSAS 18001	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Injuries To Million Hours	LOW	5.49	9.45	10.10	4.65	1.05	15.95
Work and employment practices (33.67%)	Training and Development Policy	TRUE	TRUE	TRUE	FALSE	T = 100%, F = 0%	TRUE	TRUE
	Policy Skills Training	TRUE	TRUE	TRUE	FALSE	T = 100%, F = 0%	TRUE	TRUE
	Policy Career Development	TRUE	FALSE	FALSE	FALSE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Turnover of Employees	LOW	56.20%	59.40%	40.00%	16.02%	9.20%	29.45%
	Women Employees	HIGH	59.73%	61.06%	60.04%	39.50%	50.00%	19.26%
	Women Managers	HIGH	45.83%	40.00%	38.53%	32.09%	42.00%	7.81%
	Average training hours	HIGH	18.29	27.44	23.04	21.90	33.00	9.60
	Management Training	TRUE	FALSE	FALSE	FALSE	T = 83.33%, F = 16.67%	TRUE	FALSE
Product quality mgmt (18.11%)	Product Responsibility Monitoring	TRUE	FALSE	FALSE	FALSE	T = 41.67%, F = 58.33%	TRUE	FALSE
	ISO 9000	TRUE	TRUE	TRUE	TRUE	T = 75%, F = 25%	TRUE	FALSE
	Quality Mgt Systems	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
Ethics and compliance (14.55%)	Human Rights Policy	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Child Labor	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Forced Labor	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Human Rights	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Fair Competition	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Community Involvement	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Corporate Responsibility Awards	TRUE	TRUE	FALSE	FALSE	T = 41.67%, F = 58.33%	TRUE	FALSE

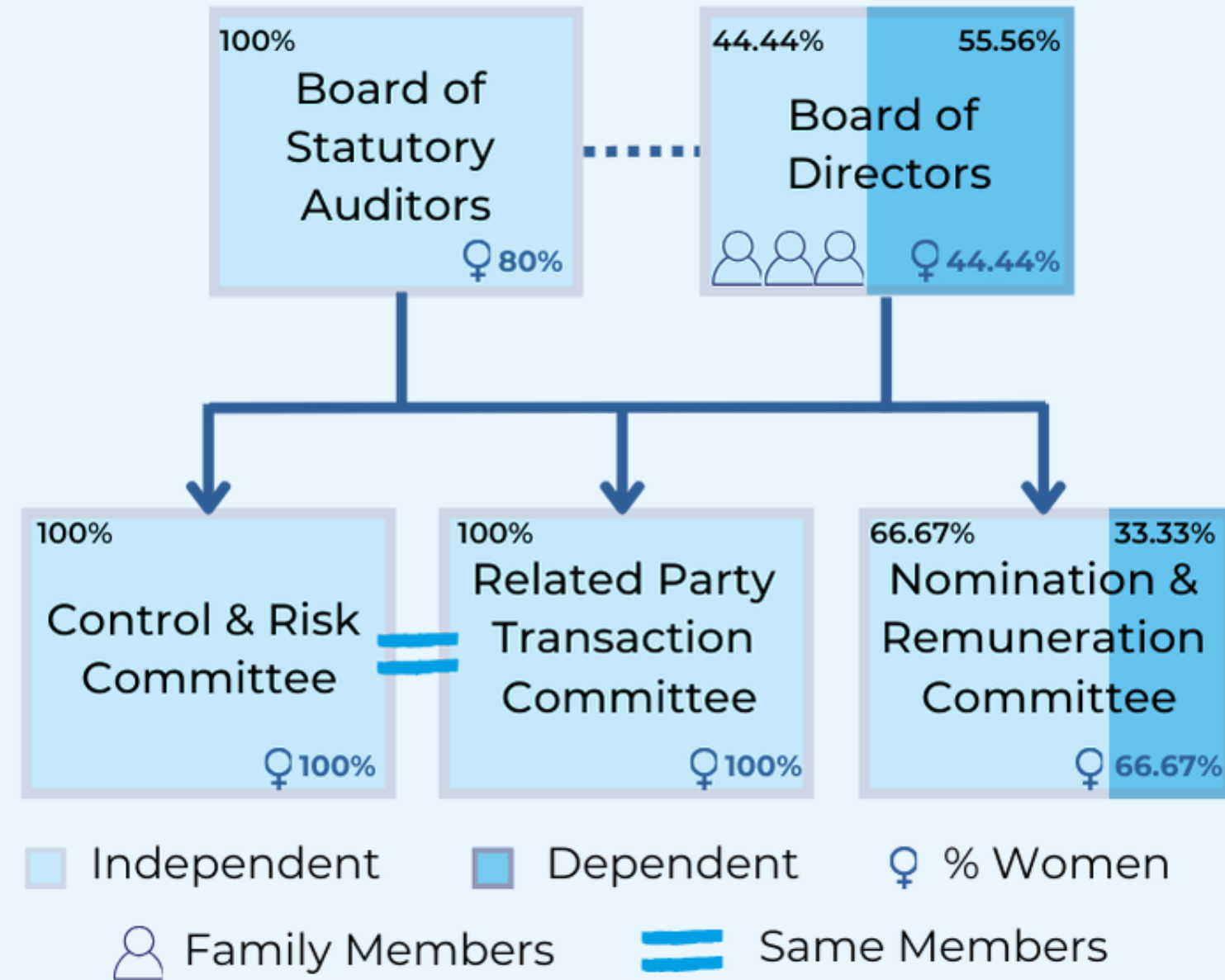
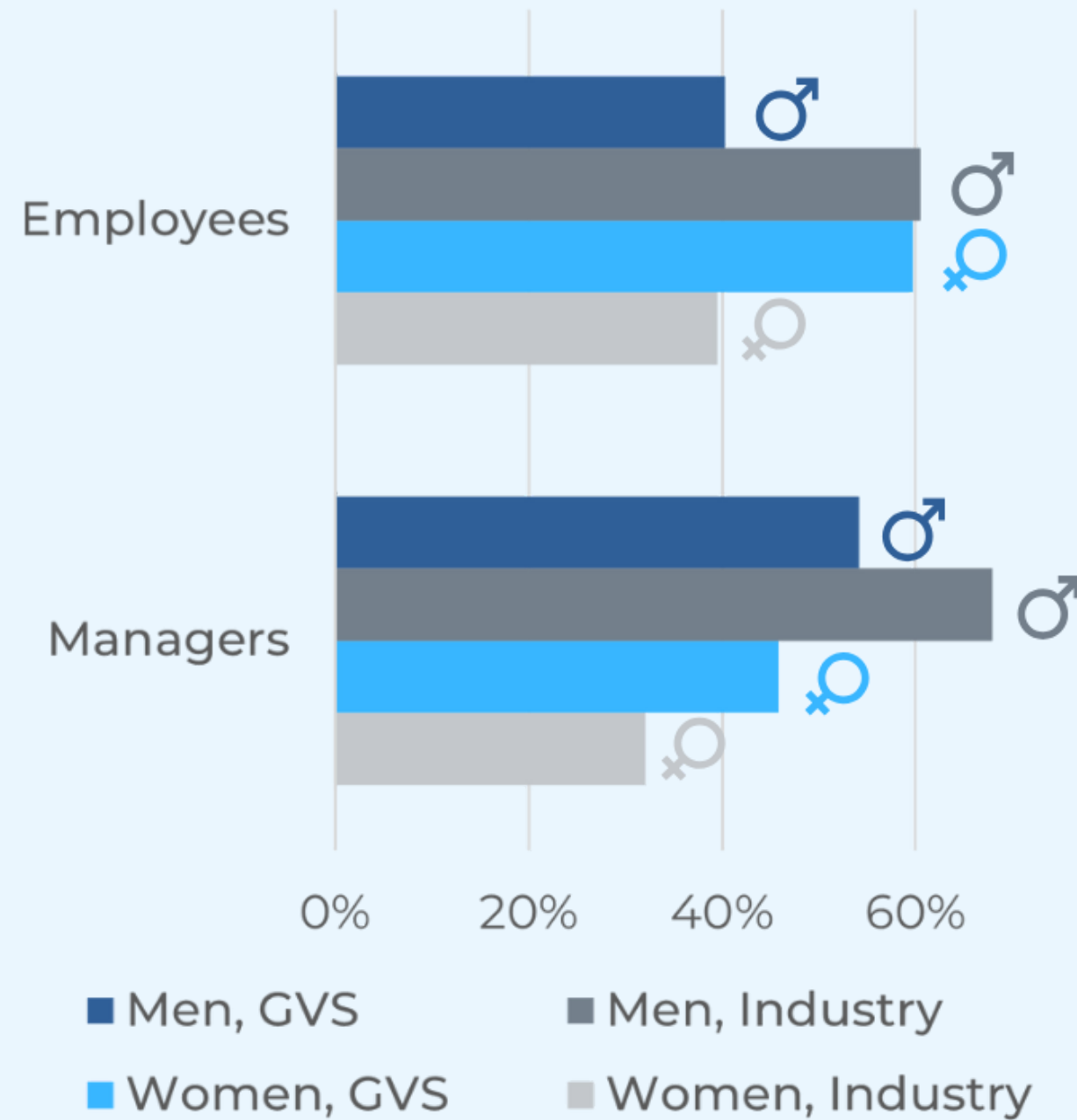
Source: Refinitiv, team elaboration

GOVERNANCE SCORE BREAKDOWN

Key factors	Metric	Optimal	GVS 2022	GVS 2021	GVS 2020	Industry (2022)	Best (2022)	Worst (2022)
Ownership and control (31.83%)	Majority shareholder 30+% of voting shares	FALSE	TRUE	TRUE	TRUE	T = 15.38%, F = 84.62%	TRUE	FALSE
	Stakeholder Engagement	TRUE	TRUE	TRUE	TRUE	T = 83.33%, F = 16.67%	TRUE	FALSE
	Free float share capital	HIGH	39.85%	40.00%	40.00%	86.11%	99.80%	38.34%
	Succession Plan	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Shareholder Rights Policy	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Veto Power or Golden share	FALSE	TRUE	TRUE	TRUE	T = 0%, F = 100%	FALSE	FALSE
Board of Directors and Committees (20.45%)	Staggered Board Structure	FALSE	FALSE	FALSE	FALSE	T = 16.67%, F = 75%	FALSE	TRUE
	Executive Individual Compensation	TRUE	TRUE	TRUE	TRUE	T = 8.33%, F = 91.67%	TRUE	FALSE
	Policy Executive Compensation Performance	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Executive Compensation ESG Performance	TRUE	TRUE	TRUE	TRUE	T = 58.33%, F = 41.67%	TRUE	FALSE
	Sustainability Compensation Incentives	TRUE	TRUE	TRUE	FALSE	T = 50%, F = 50%	TRUE	FALSE
	Board Attendance	TRUE	TRUE	FALSE	FALSE	T = 16.67%, F = 83.33%	TRUE	FALSE
	Board Gender Diversity, Percent	HIGH	44.44%	44.44%	44.44%	33.17%	57.14%	22.22%
	CEO Chairman Duality	FALSE	FALSE	FALSE	FALSE	T = 66.67%, F = 33.33%	FALSE	TRUE
	Nomination Committee Independence	HIGH	100.00%	66.67%	66.67%	100.00%	100.00%	100.00%
	Compensation Board Committee	TRUE	TRUE	TRUE	TRUE	T = 83.33%, F = 16.67%	TRUE	FALSE
Accounting and audit practices (20.45%)	Independent Board Members	HIGH	44.44%	44.44%	44.44%	77.41%	93.33%	42.86%
	Compensation Committee Independence	HIGH	66.67%	66.67%	66.67%	96.67%	100.00%	66.67%
	Accounting Controversies	FALSE	FALSE	FALSE	FALSE	T = 0%, F = 100%	FALSE	FALSE
Business ethics (27.27%)	Internal Audit Department Reporting	TRUE	TRUE	TRUE	TRUE	T = 91.67%, F = 8.33%	TRUE	FALSE
	Policy Bribery and Corruption	TRUE	TRUE	TRUE	TRUE	T = 50%, F = 8.33%	TRUE	FALSE
Business ethics (27.27%)	Policy Business Ethics	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE
	Policy Business Ethics	TRUE	TRUE	TRUE	TRUE	T = 100%, F = 0%	TRUE	TRUE

Source: Refinitiv, team elaboration

ESG HIGHLIGHTS



Source: Companies data, team elaboration

BOARD OF DIRECTORS

Up to May 2023

Today

Full name (Year of birth)	M/F	Office	In charge since	Control & Risks	Remuneration	Full name (Year of birth)	M/F	Office	In charge since	Control & Risks	Remuneration
Grazia Valentini (1942)	F	Non-Executive Chairperson	Mar-87		✓	Alessandro Nasi (1974)	M	Ind. Non-Executive Chairperson	Jun-20		
Massimo Scagliarini (1965)	M	Chief Executive Officer	Jul-90			Massimo Scagliarini (1965)	M	Chief Executive Officer	Jul-90		
Marco Scagliarini (1964)	M	Executive Managing Director	Jul-90			Marco Scagliarini (1964)	M	Non-Executive Director	Jul-90		
Mario Saccone (1967)	M	Executive Managing Director	Jul-10			Marco Pacini (1971)	M	Non-Executive Director	May-23		
Matteo Viola (1974)	M	Executive Managing Director	May-18			Pietro Cordova (1960)	M	Independent Non- Executive Director	May-23	✓	✓
Nadia Buttignol (1977)	F	Independent Non- Executive Director	Jun-20	✓		Anna Tanganelli (1981)	F	Independent Non- Executive Director	May-23	Chairperson	
Arabella Caporello (1972)	F	Independent Non- Executive Director	Jun-20	Chairperson		Simona Scarpaleggia (1960)	F	Independent Non- Executive Director	May-23	✓	Chairperson
Alessandro Nasi (1974)	M	Independent Non- Executive Director	Jun-20		✓	Grazia Valentini (1942)	F	Non-Executive Director	Mar-87		
Michela Schizzi (1982)	F	Independent Non- Executive Director	Jun-20	✓	Chairperson	Michela Schizzi (1982)	F	Independent Non- Executive Director	Jun-20		✓

Source: Refinitiv, team elaboration