Università degli Studi di Napoli
Federico II

2024 CFA Institute Research Challenge
EMEA Regional Finals
April 4th, 2024

THE GLOBAL FILTRATION MARKET

Healthcare & Life Sciences

Energy & Mobility

Health & Safety

GVS S.p.A. | Filtration Equipment

CURRENT PRICE

€6.10

09/02/2024

HOLD

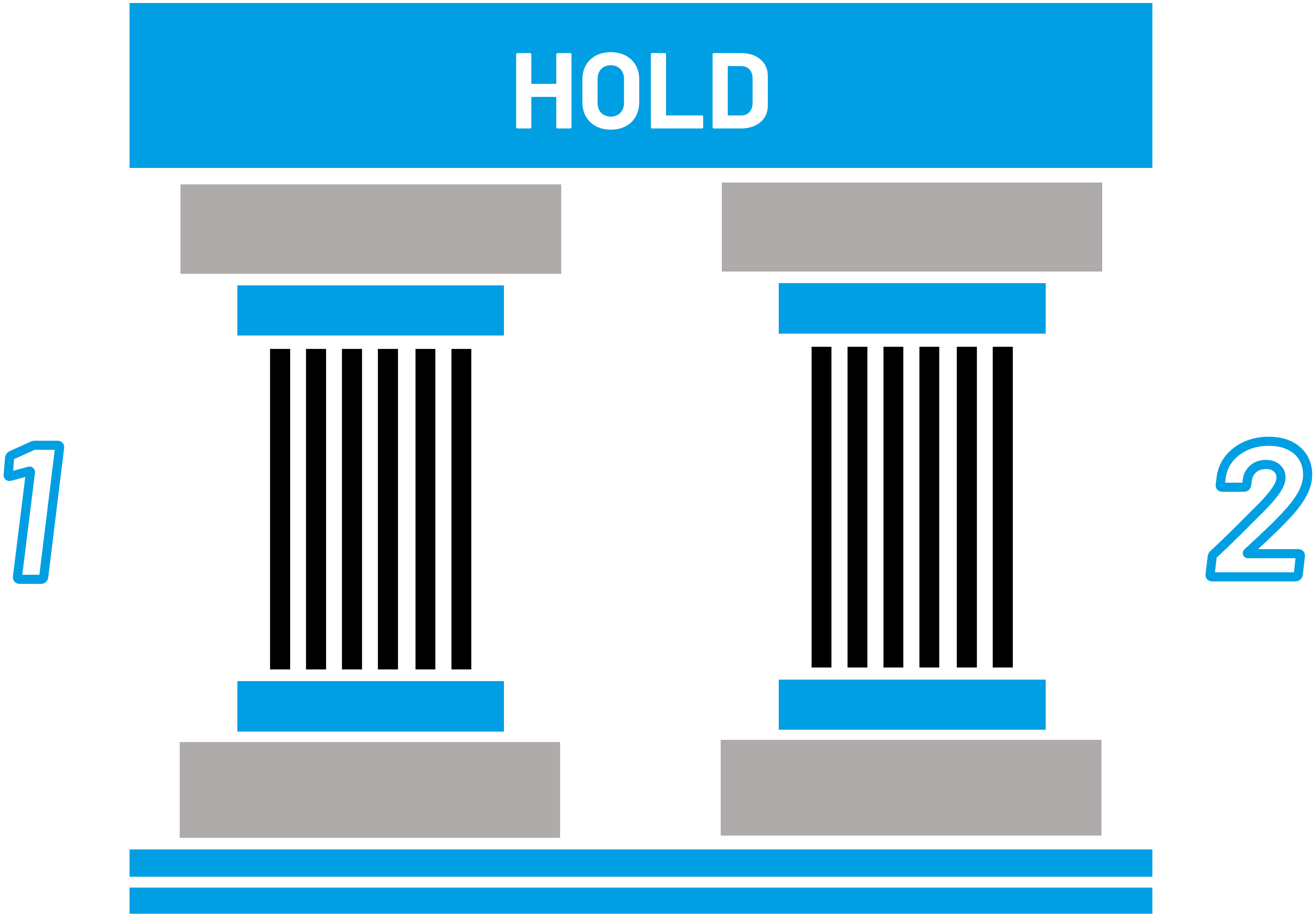
TARGET PRICE

€6.42

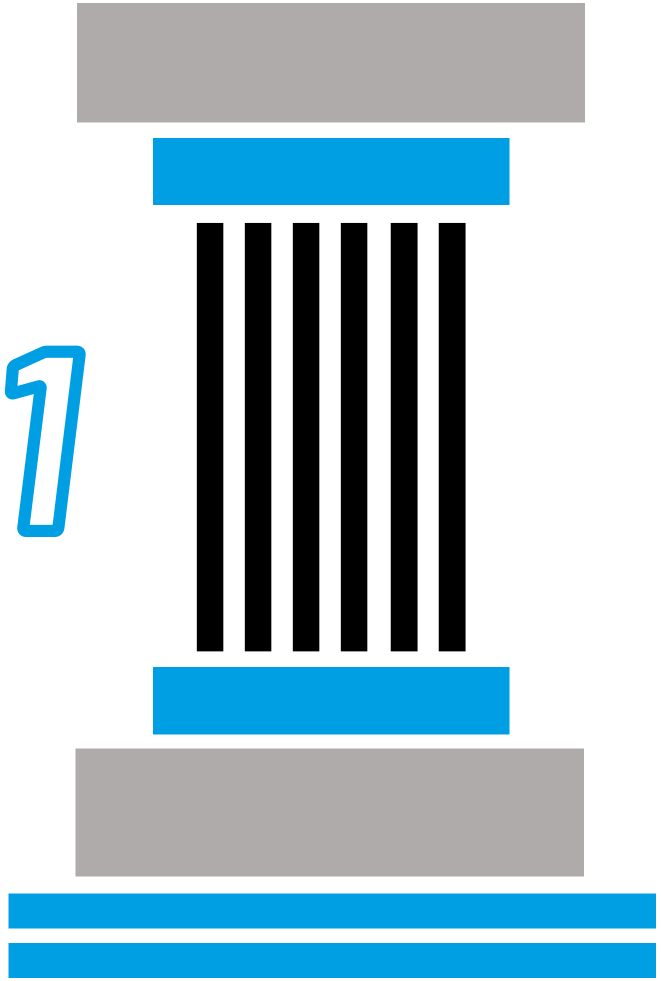
Upside 5.25%

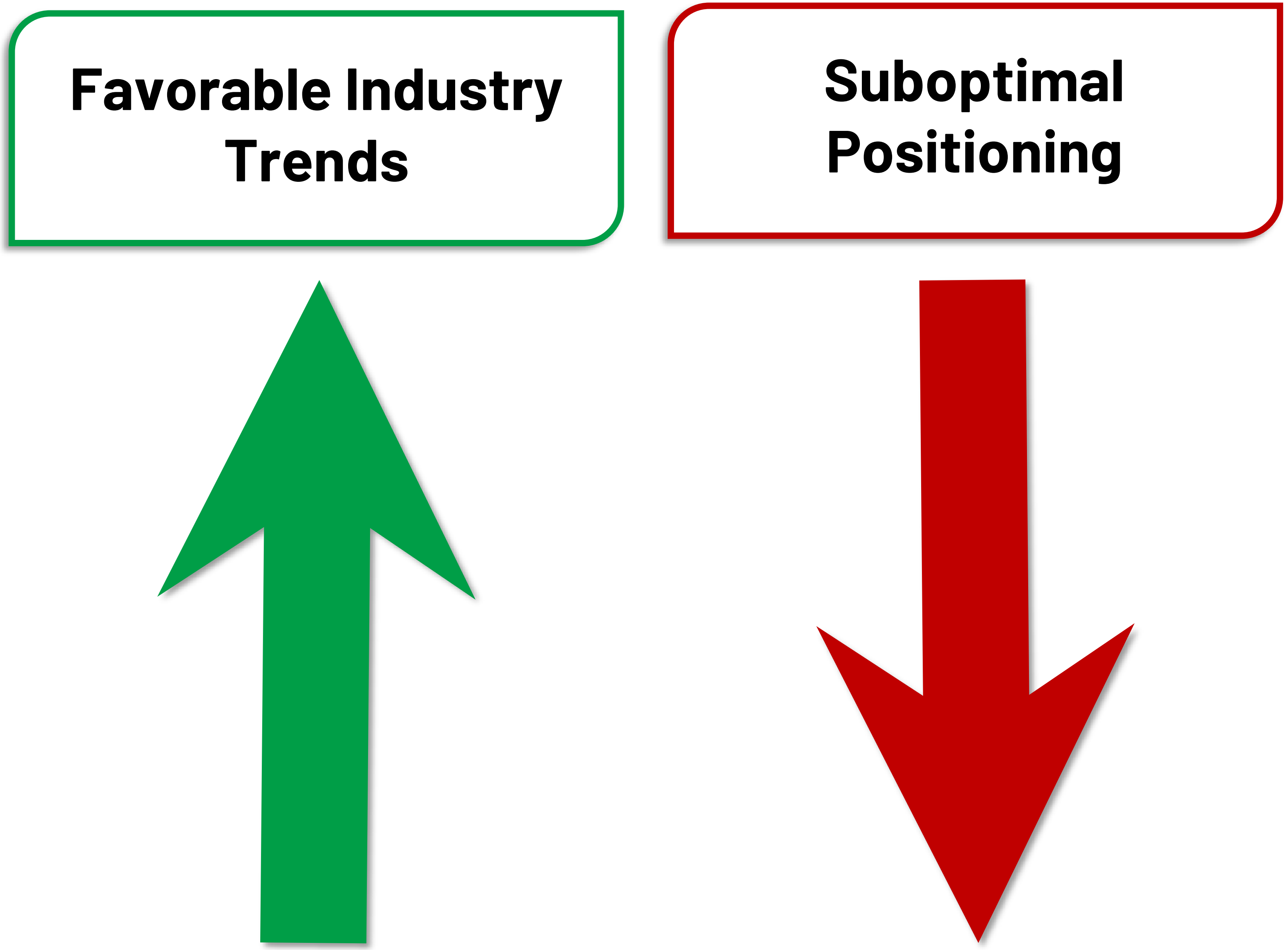
A small yet dynamic player in the landscape of Filtration

TICKER: GVS.MI **MARKET CAP: €1.07B** **SALES 2023E: €427M**


HOLD
1
2

HOLD

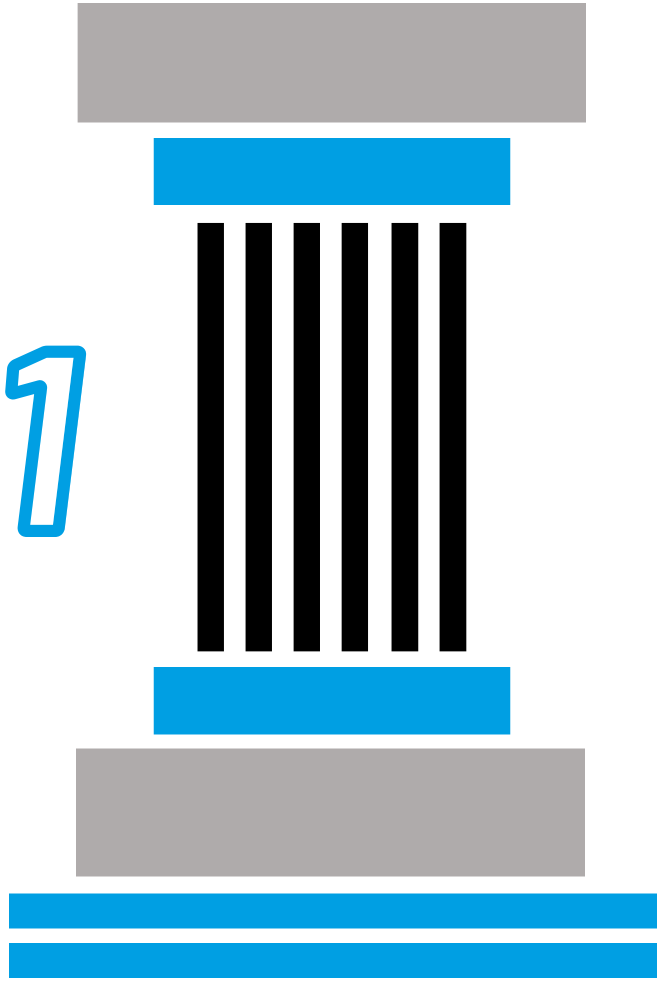




Favorable Industry Trends

Suboptimal Positioning

HOLD

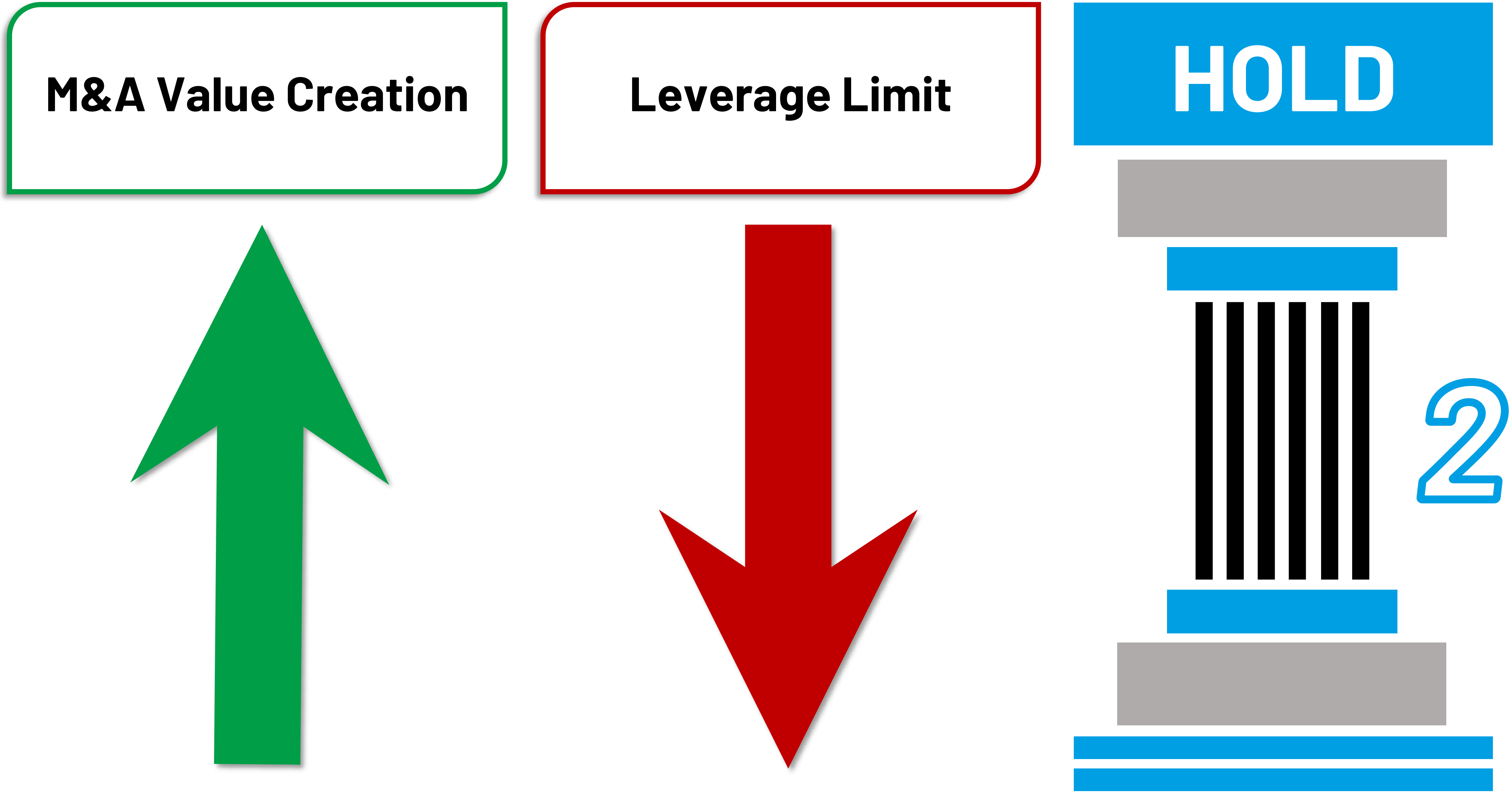


Favorable Industry Trends

- Ageing population
- Regulation, CO2 emissions
- Workplace safety

Suboptimal Positioning

- Tough competition
- Limited pricing power
- Low market share



M&A Value Creation

Leverage Limit

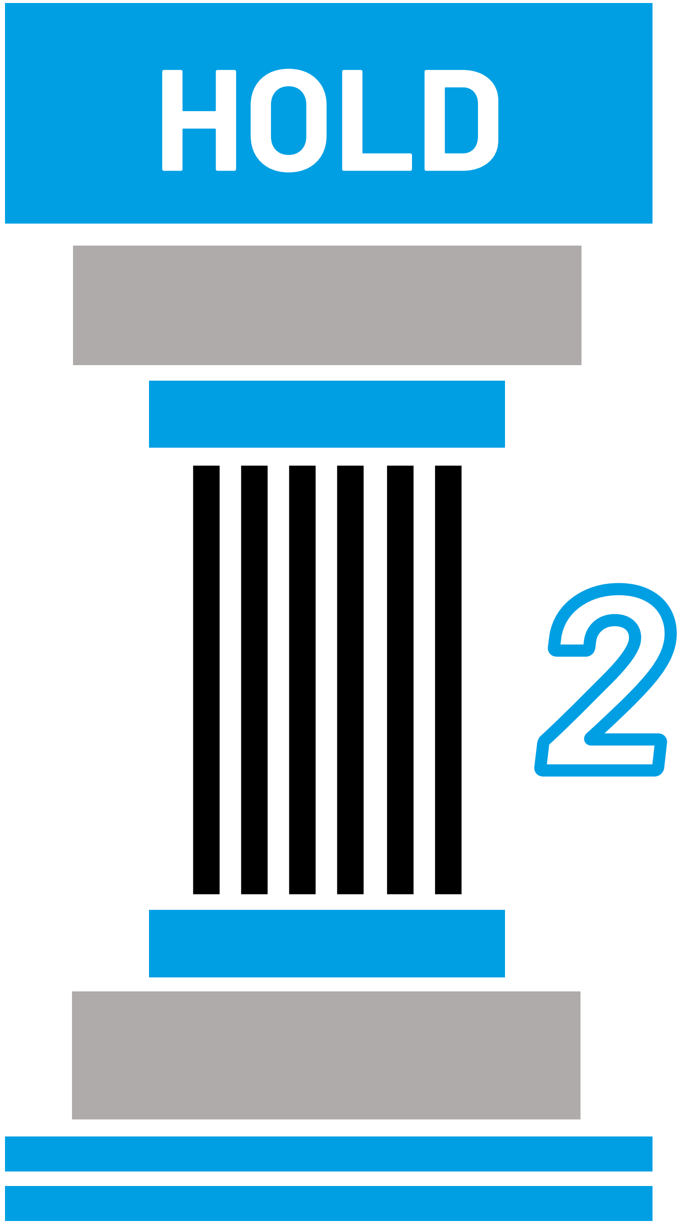
HOLD

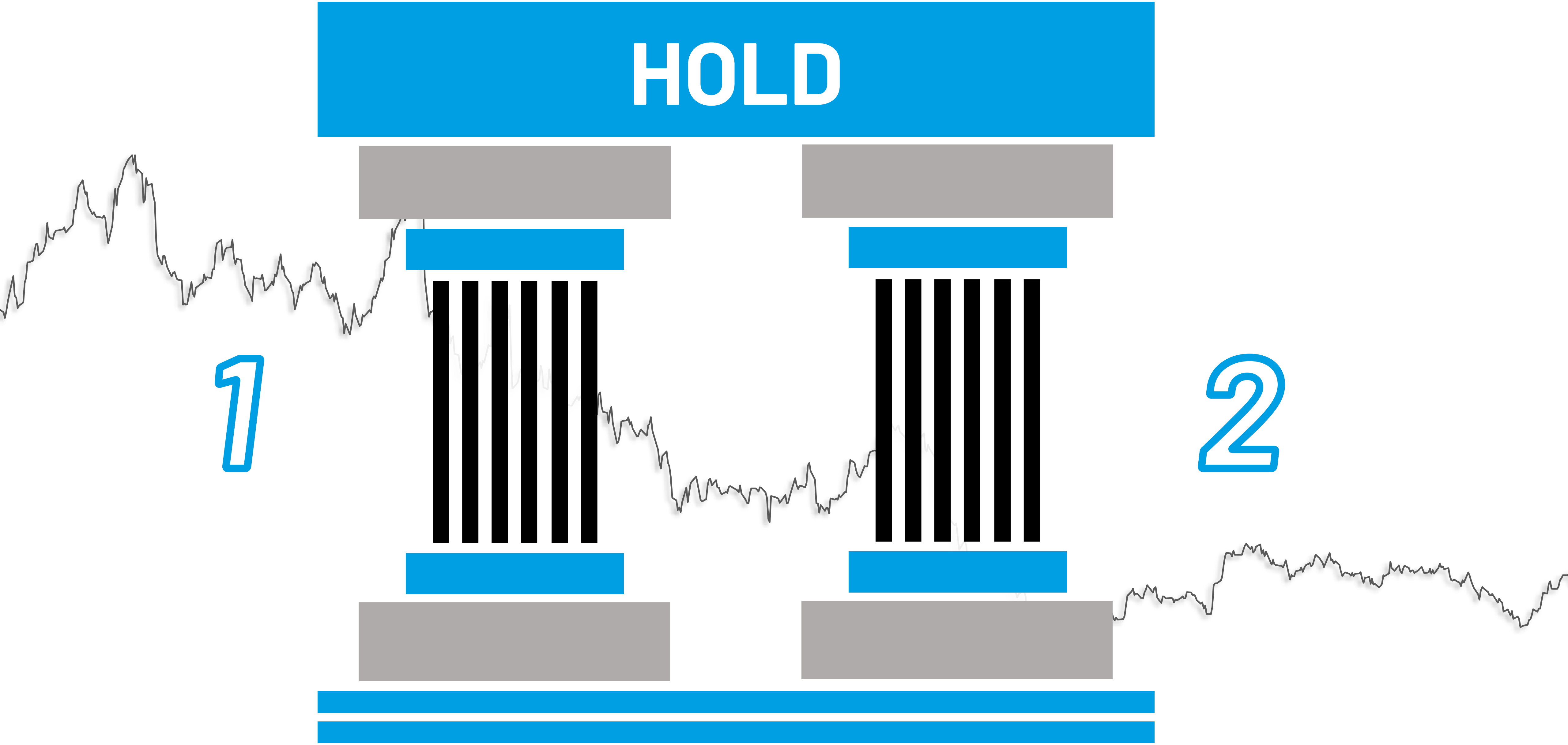
M&A Value Creation

- Cross-Selling synergies
- Cost synergies
- Geographical expansion

Leverage Limit

- Covenant breach
- Deleveraging priority
- Temporary stop in M&A

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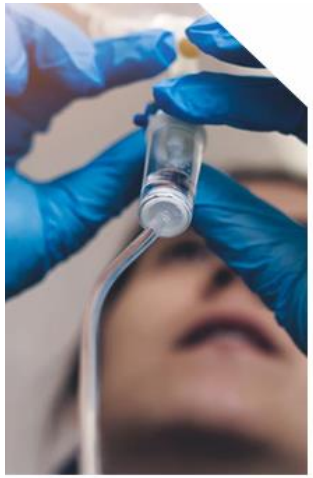
A SMALL YET DYNAMIC PLAYER

In the complex landscape of filtration solutions

GVS provides **advanced filtration solutions for critical applications in...**

3 DIFFERENT INDUSTRIES



Healthcare

Mobility

Safety

QUALITY-CENTRIC APPROACH

Zero defection requirement

The **Global Filtration Market** is characterized by a **stringent regulation** concerning products quality

Companies must **comply to strict certifications** and **zero defects products**

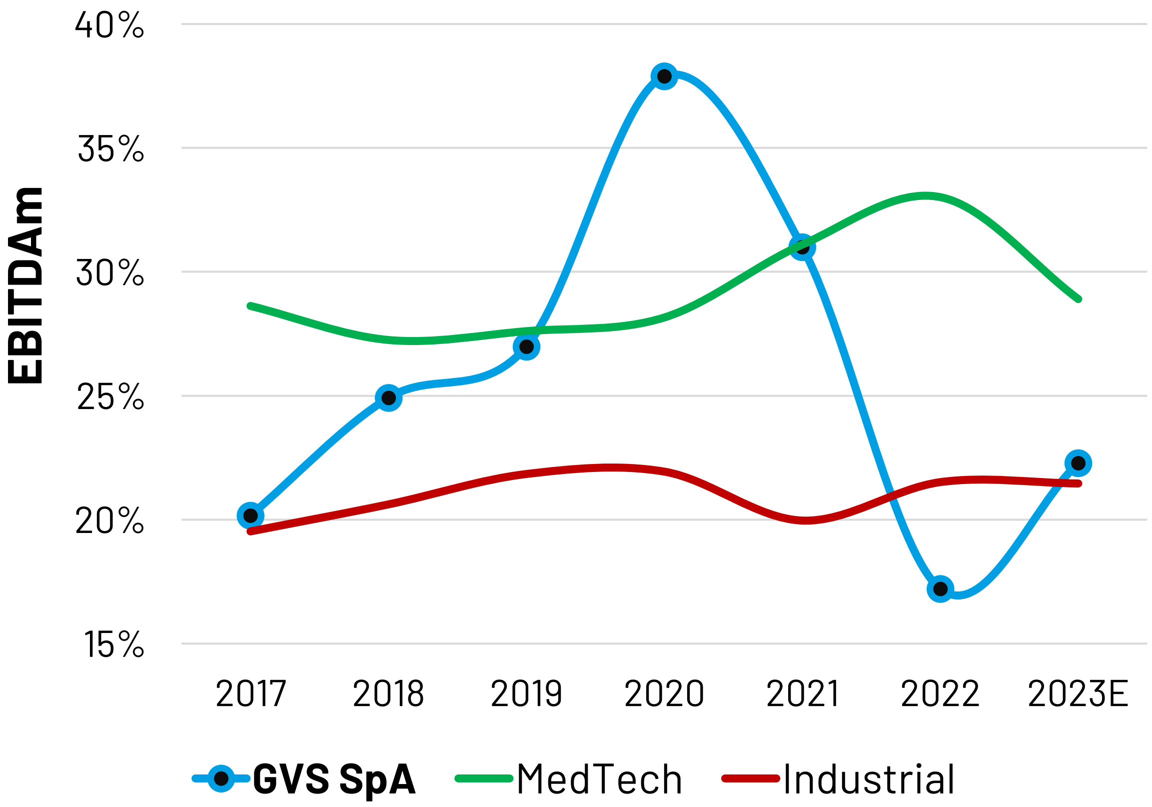
HIGH BARRIERS TO ENTRY

TESTING → **APPROVAL** → **LAUNCH**

THE PANDEMIC BOOST

Great ability in capitalizing market opportunities

Outstanding margins achieved during the Pandemic, **overcoming MedTech** companies



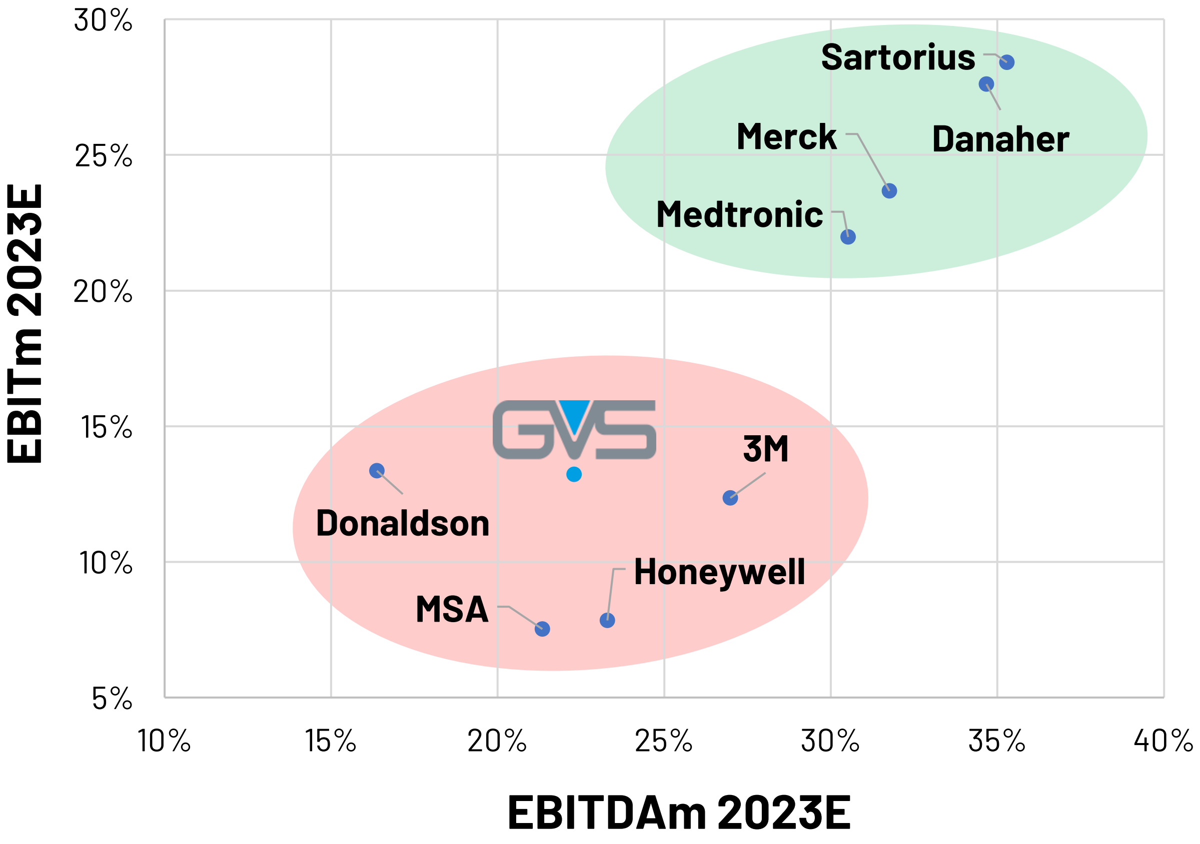
Source: FactSet, team estimates

MARGINS POSITIONING

In line with Industrial, below MedTech

Industrial
(Mobility and Safety)

MedTech
(Healthcare)



Source: FactSet, team estimates

CUSTOMER BASE

The predominant B2B channel

2023E Revenues

B2C
22%

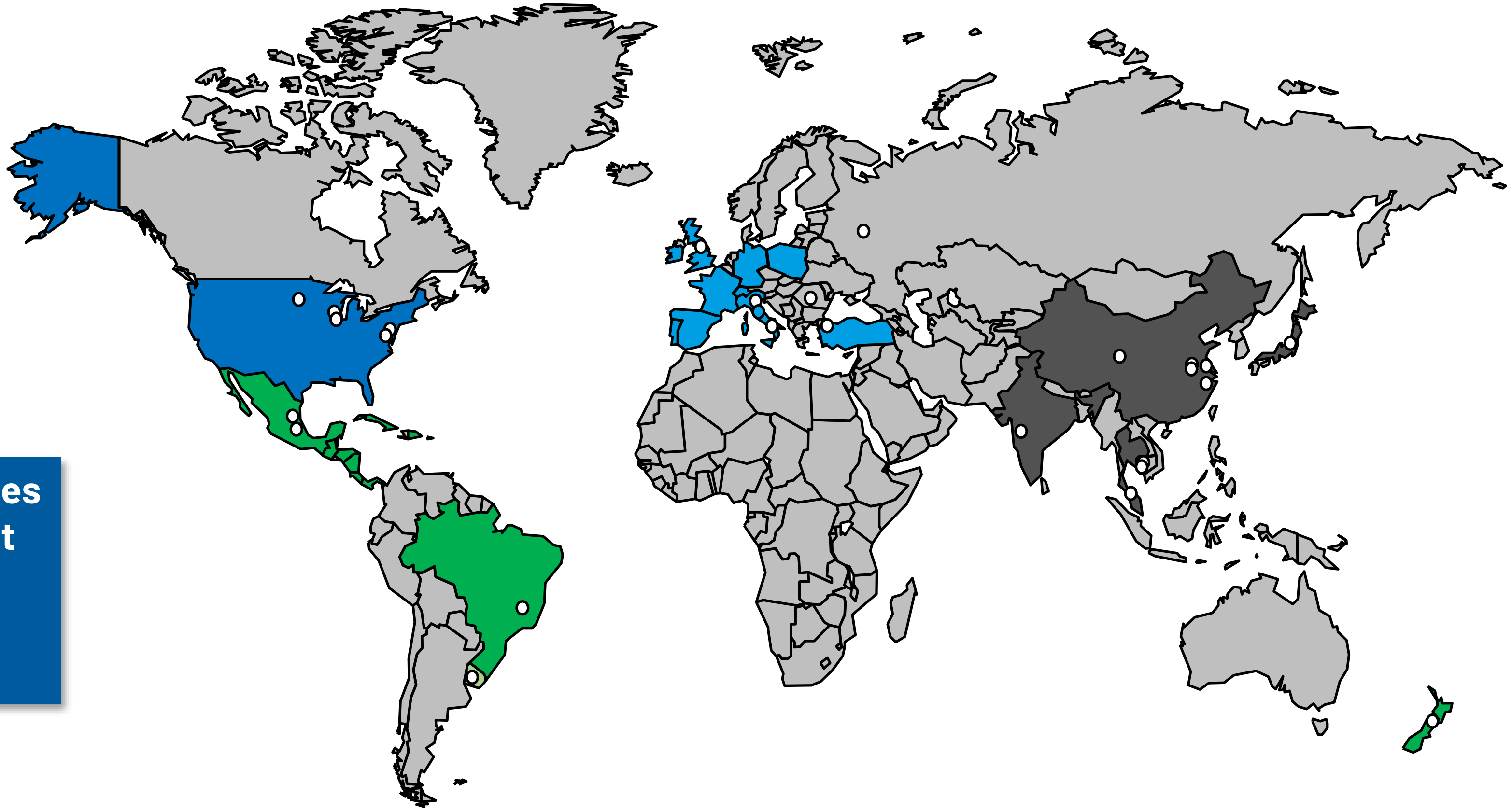
- Distributors
- Hospitals
- Universities

B2B
78%

- Pharmaceutical companies
- OEMs (Original Equipment Manufacturers)
- Tier 1 suppliers
- Tier 2 suppliers

GLOBAL PRESENCE

Expanding into the Asian region



■ **NORTH AMERICA: 45%** ■ **EUROPE: 29%**
■ **ASIA: 20%** ■ **OTHER: 6%**

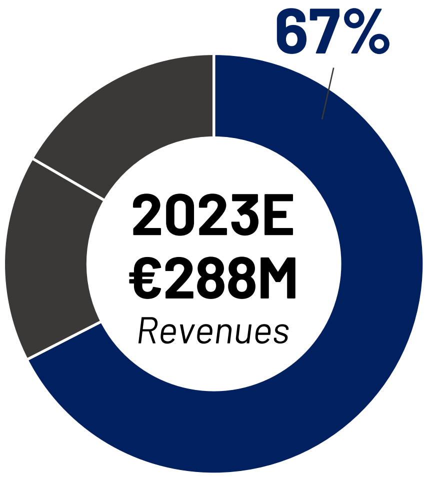
Source: Company data

1

FIRST PILLAR

THE HEALTHCARE & LIFE SCIENCES DIVISION

The engine of top-line growth

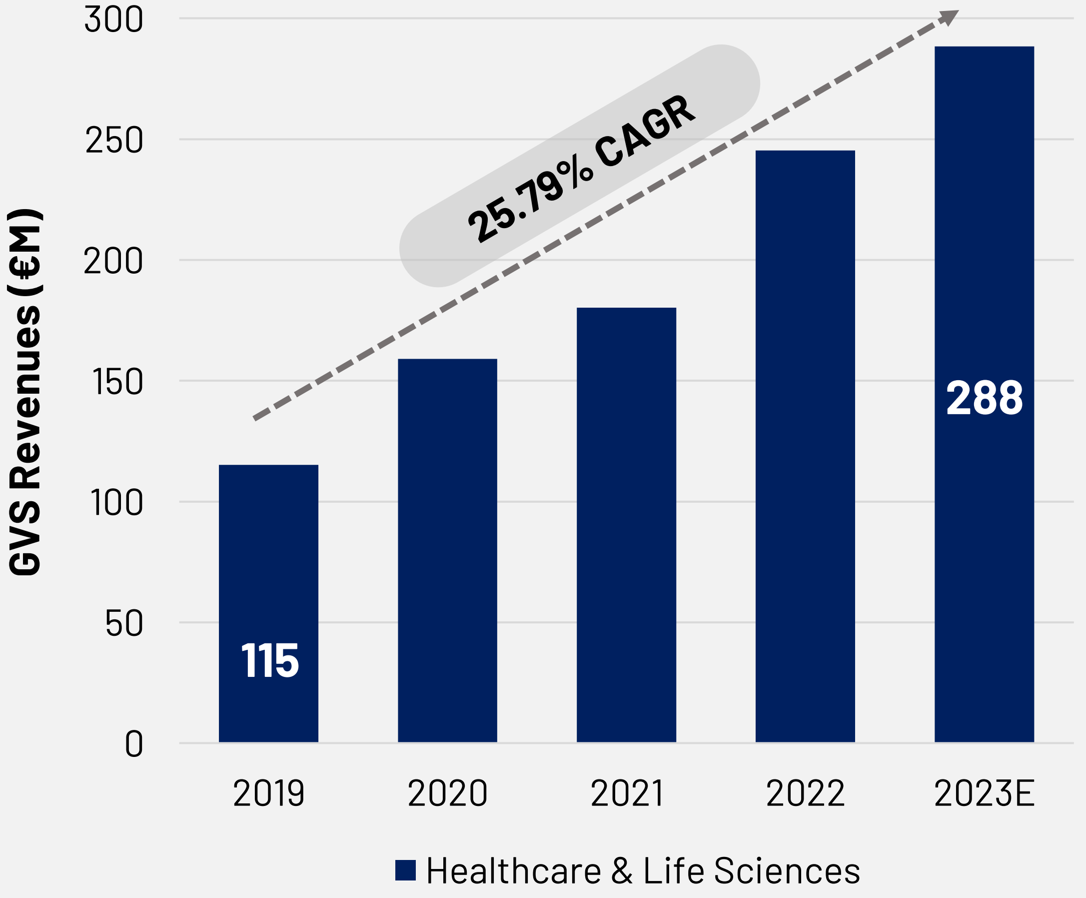


Market characterized by:
- **Low cyclicality**
- **High resilience**

H&LS provides GVS with:
- **Constant cashflows**
- **Stable margins**

BEST-SELLING PRODUCTS

INDUSTRY DRIVERS: population ageing, chronic diseases



Source: Company data, team estimates

Favorable Industry Trends

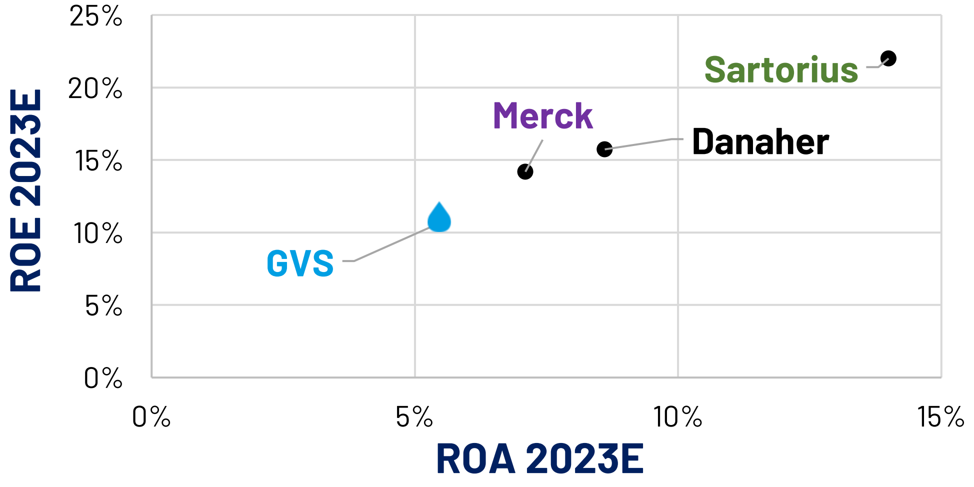
↑ ↓

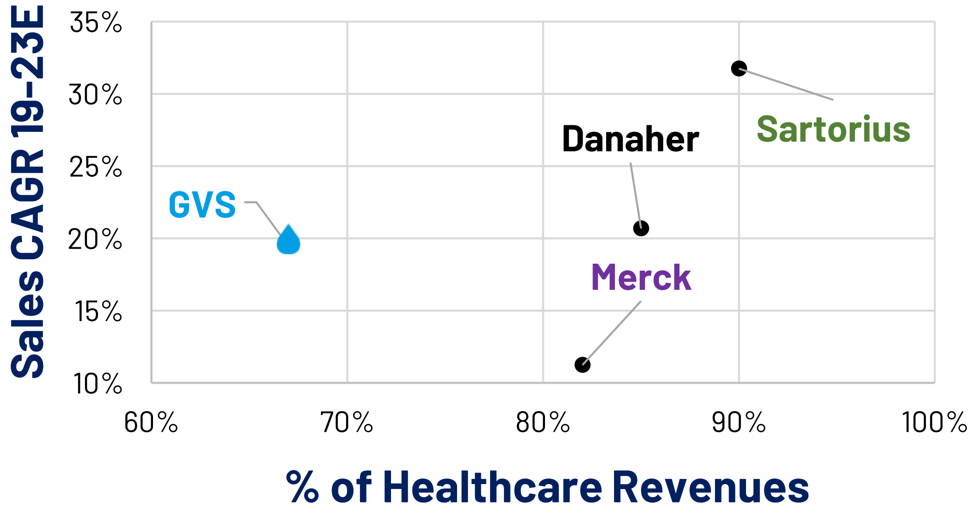
Suboptimal positioning

THE COMPETITIVE ARENA

Industry giants are favored by reputation and trusted relations

Company	Product market	Market Cap
GVS	Filtration	€1B
SARTORIUS	Advanced Medical Equipment	€23B
MERCK	Pharmaceuticals	€70B
DANAHER	Advanced Medical Equipment	€188B





Source: FactSet, team estimates

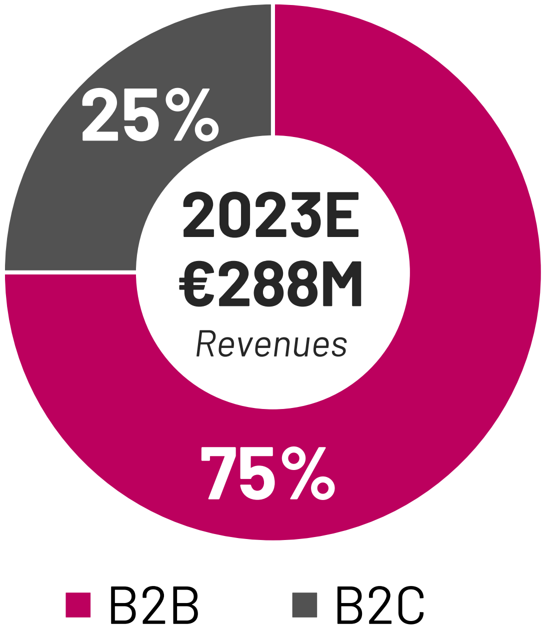
Favorable Industry Trends

↑ ↓

Suboptimal positioning

THE EXPANSION TO THE PROFITABLE B2C...

... an unattainable strategy



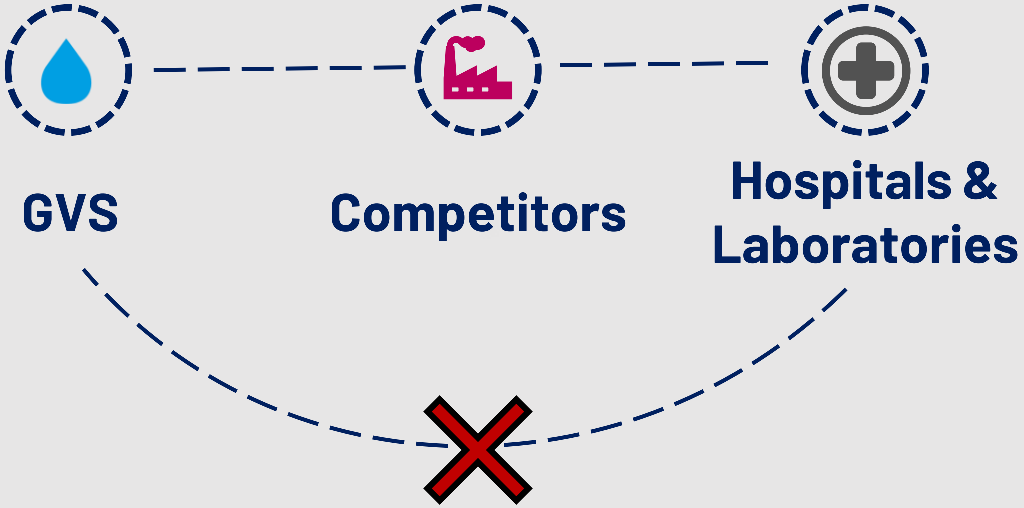
B2B

Industry giants such as Cytiva, Sartorius and Merck

B2C

Hospitals, Clinics and Laboratories

SHIFT TO B2C?



NOT FEASIBLE

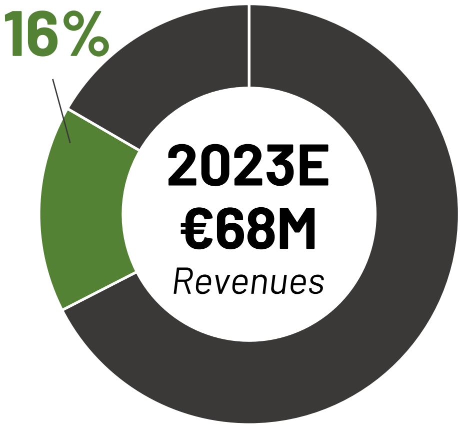
Favorable Industry Trends

↑ ↓

Suboptimal positioning

THE ENERGY & MOBILITY DIVISION

An ever-changing industry



Market Trends

E-Mobility

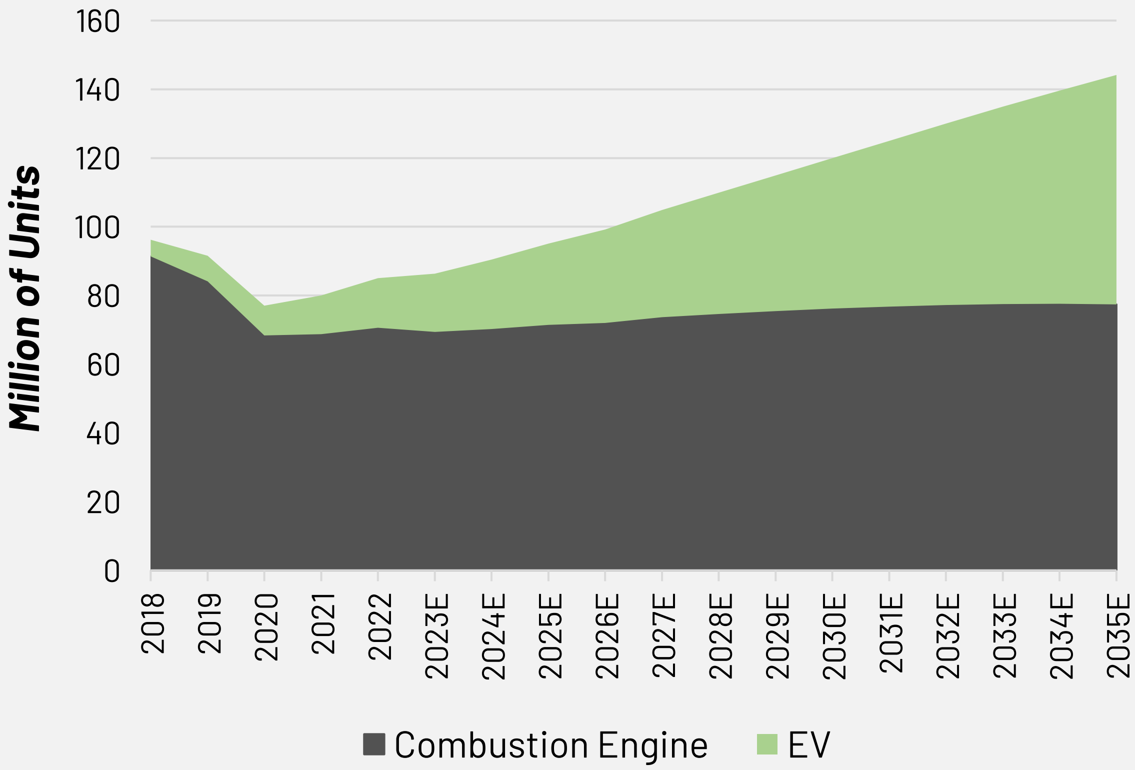
Hybrid Vehicles

Regulation on environmental pollution

BEST-SELLING PRODUCTS

INDUSTRY DRIVERS: Vehicles production, future CO2 emission standards

Global Motor Vehicle Production



Source: Statista, team estimates

Favorable Industry Trends

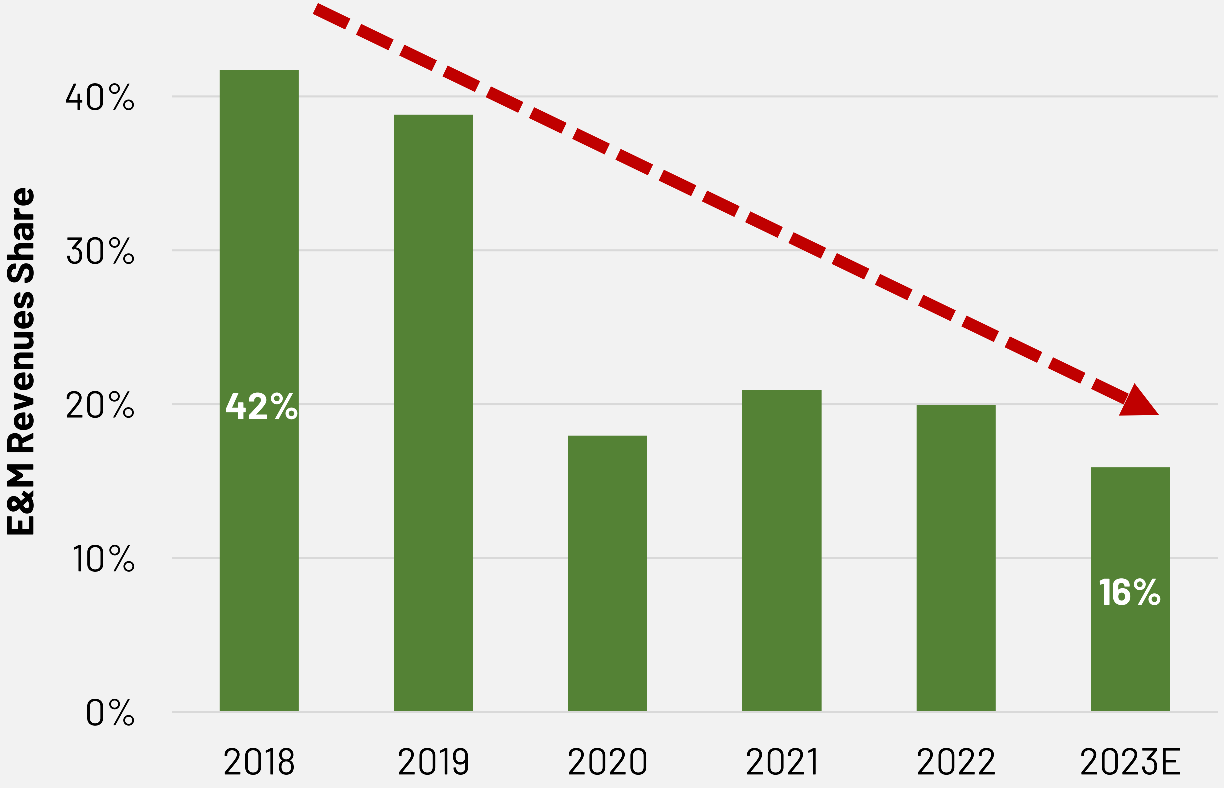
↑ ↓

Suboptimal positioning

WHILE THE INDUSTRY MOVES FORWARD…

…GVS steps back

The Energy & Mobility division is **reducing its contribution to the top-line** year by year



Source: FactSet, team estimates

1 **GVS is focused on:**

- MedTech transition
- Growth opportunities in the Safety Industry

2 **Pricing power:**

- Lower in Mobility segment
- Higher in Safety

3 **Full shift to Electric Vehicles:**

- Uncertainty on when it will happen
- Fewer filters required in EVs

Favorable Industry Trends

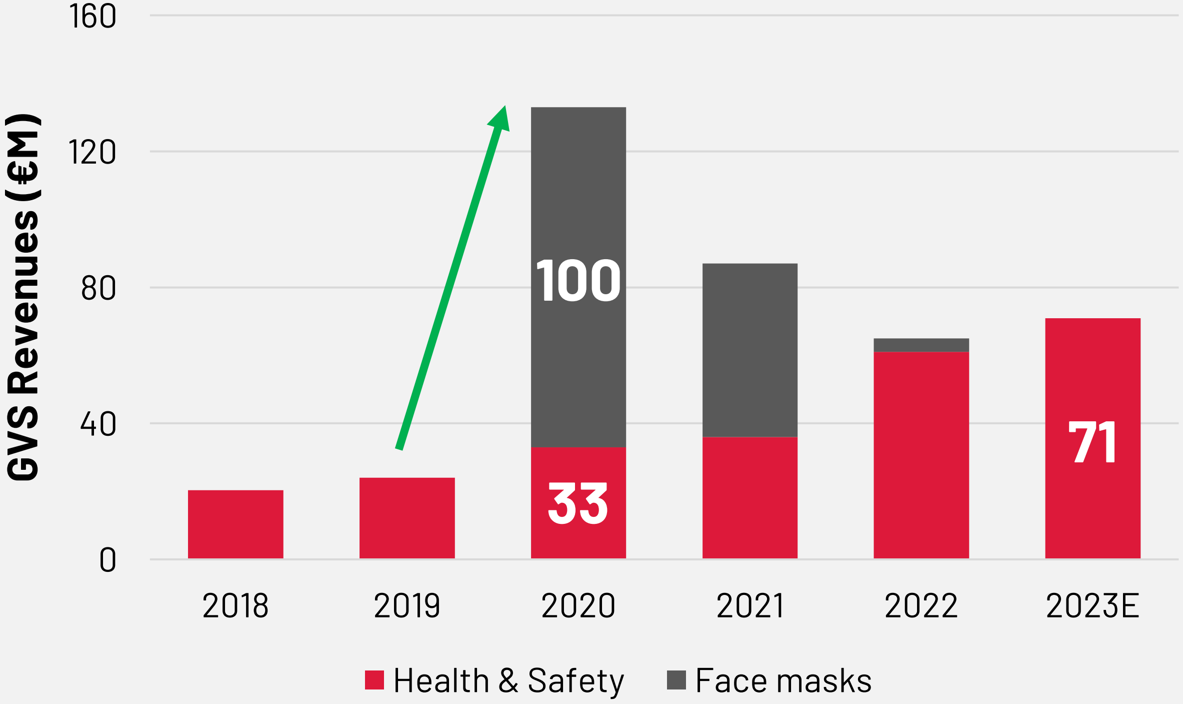
↑ ↓

Suboptimal positioning

THE HEALTH & SAFETY DIVISION

The Company's rough diamond

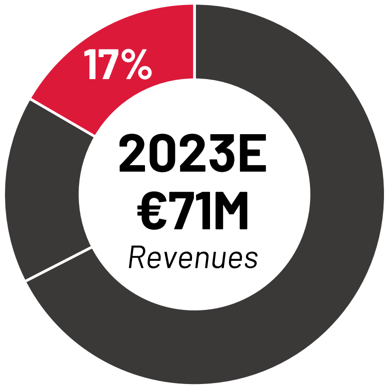
- **Pandemic boost:** +480% Revenues growth, €150M Sales of FFP3 masks in 2020-21
- **INDUSTRY DRIVERS**: Workplace safety



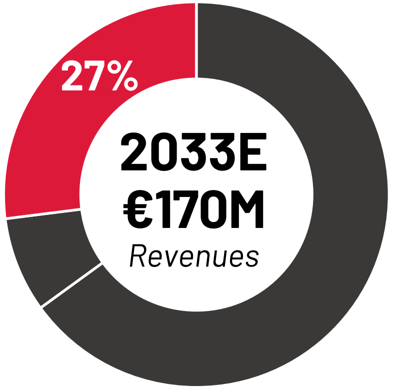
Source: FactSet, team estimates

BEST-SELLING PRODUCTS

It **currently** holds a **limited role**...



...but we expect a **future expansion**



Favorable Industry Trends

↑ ↓

Suboptimal positioning

SUPERIOR POSITIONING IN THE SAFETY INDUSTRY

Premium products to outperform competitors

GVS is well positioned

1 **Top notch product offering**

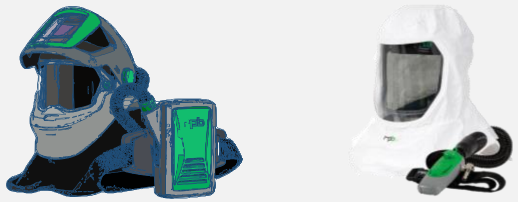
- Premium quality
- Innovative design
- Competitive prices
- Reusability

2 **RPB acquisition**

- New products (PAPRs and SARs)
- Cross-selling synergies

Source: team estimates

RPB products



Favorable Industry Trends

↑ ↓

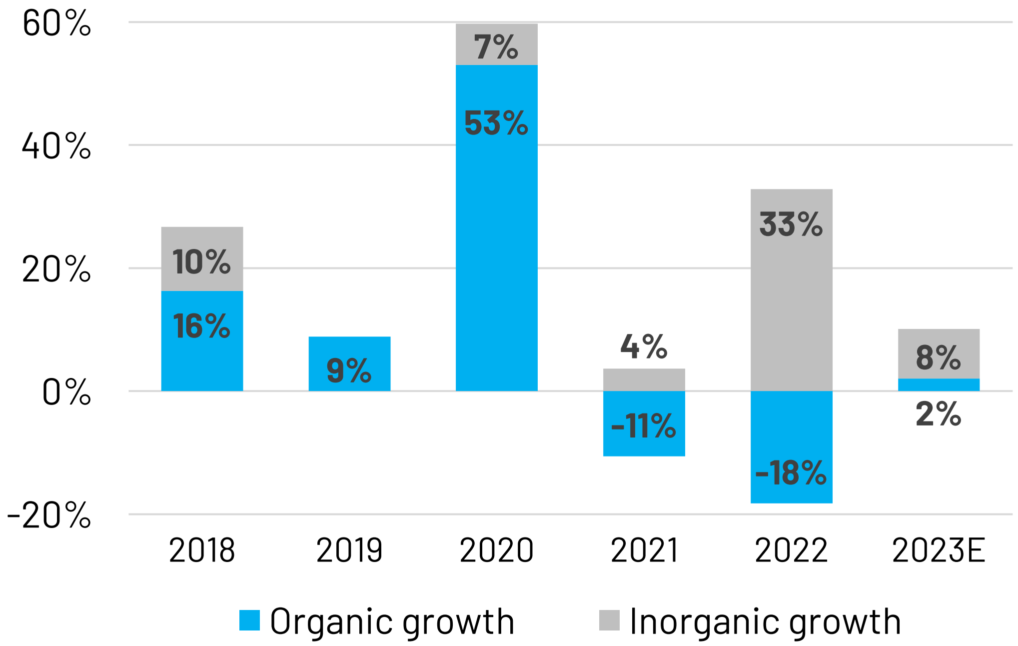
Suboptimal positioning

SECOND PILLAR

THE COMPANY'S M&A INTENSIVE STRATEGY…

…IS PREFERRED OVER R&D

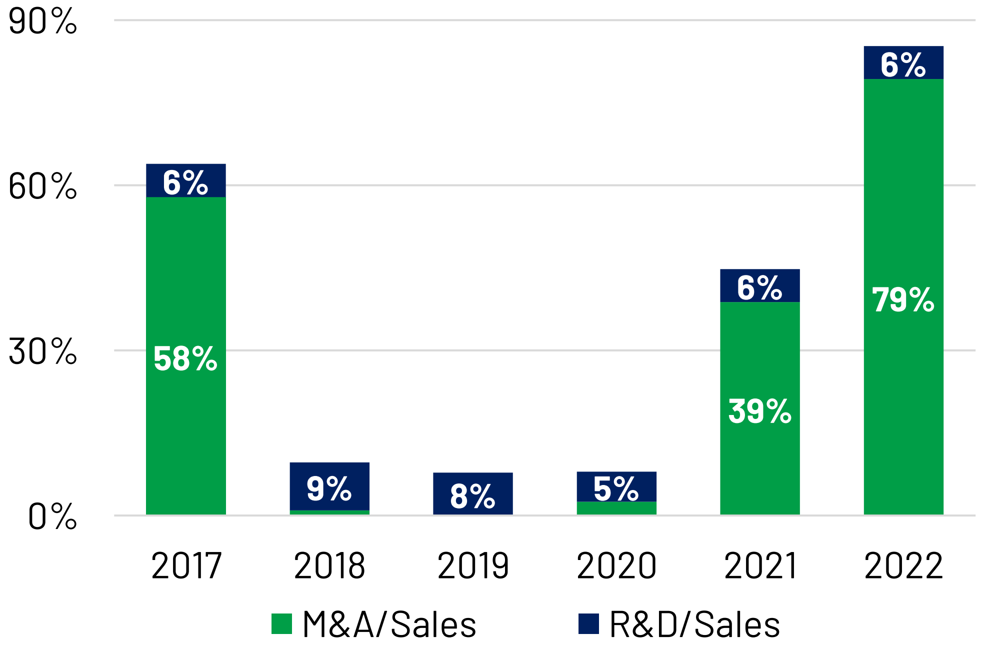
Growth is fueled by M&A:
Successful **M&A track record** (17 acquisitions since 2009)



Source: FactSet, team estimates

M&A allows GVS to:

- Penetrate in adjacent niches
- Enrich the product portfolio
- Achieve **shorter time to market** than R&D



Source: FactSet, team estimates

M&A Value Creation

↑ ↓

Leverage Limit

M&A AS GVS' GROWTH CATALYST

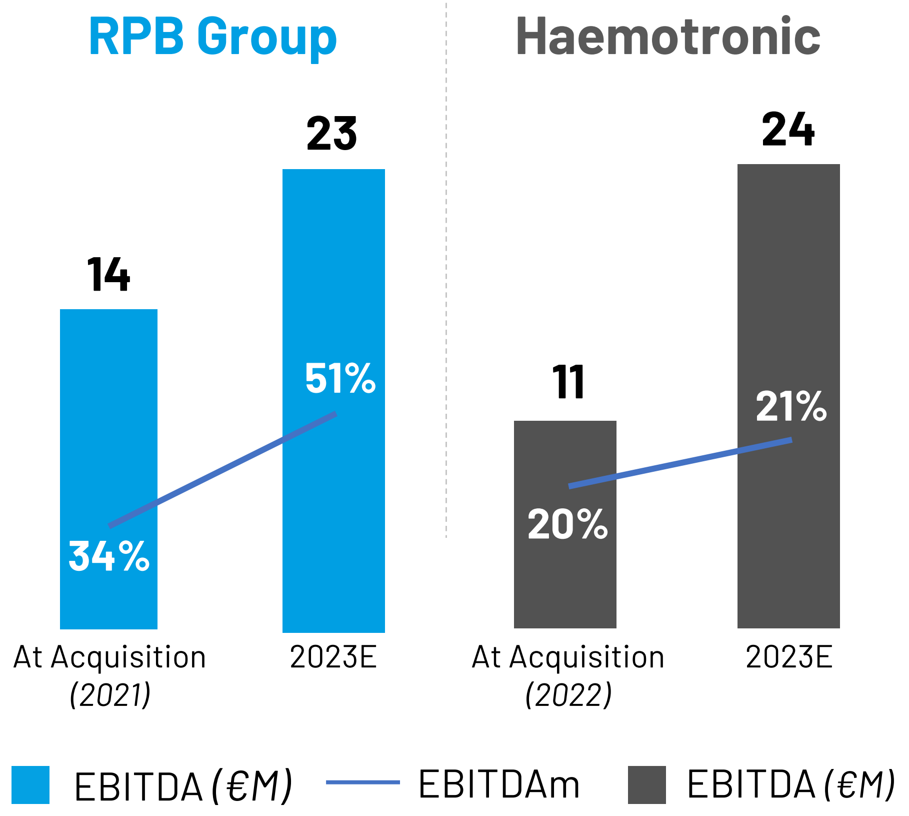
The Company's ability in extracting synergies

Benefits from acquisitions

Revenue Synergies
- Geographical Expansion
- Cross-selling

Cost Synergies
- Plant Optimization
- Workforce Reorganization

Recent Acquisitions EBITDA dynamic



Source: FactSet, team estimates

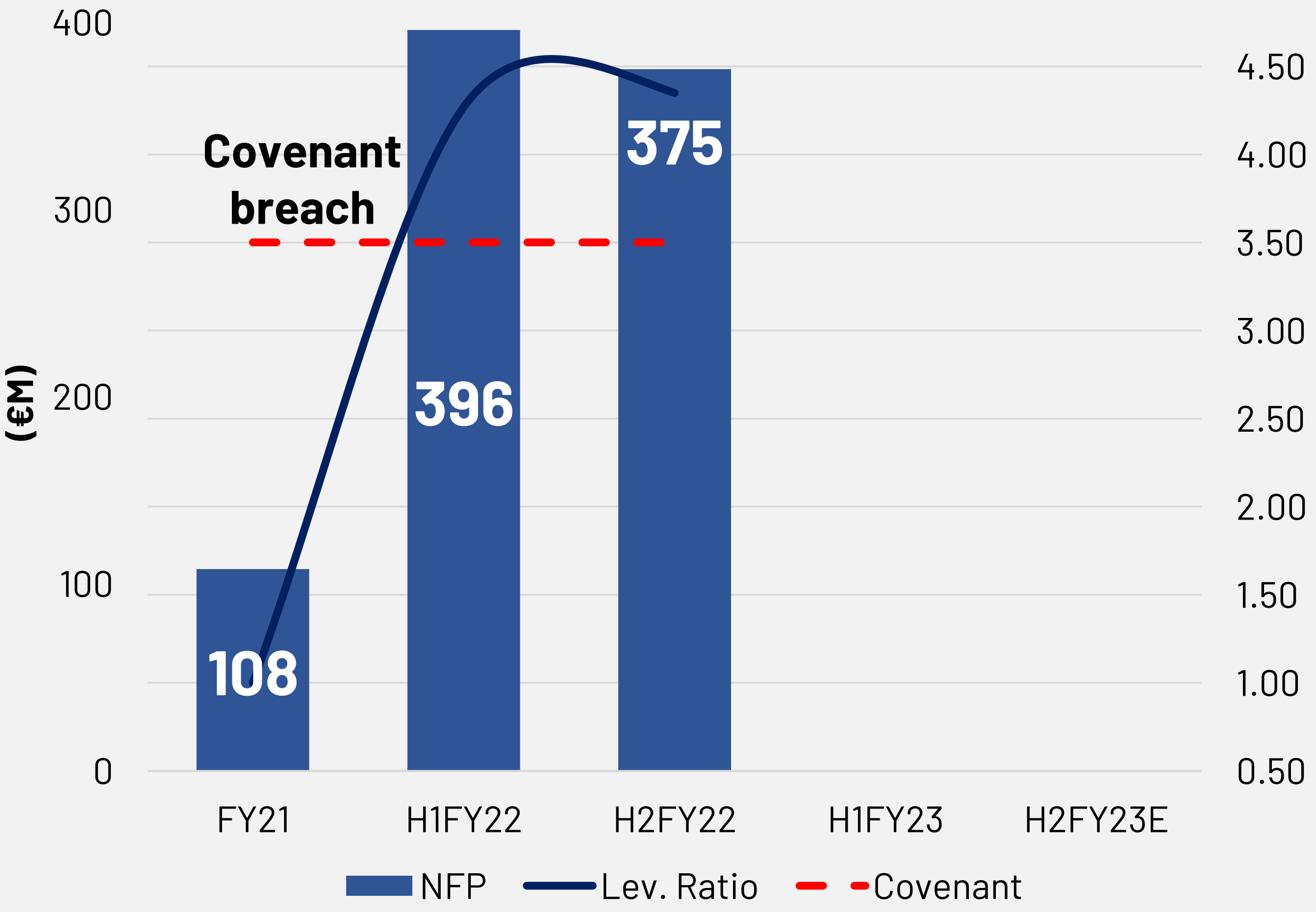
M&A Value Creation

↑ ↓

Leverage Limit

NET FINANCIAL POSITION

The excessive leverage and covenant breach



Source: FactSet, team estimates

Net Financial Position from €100M to €400M to finance acquisitions

High NFP and low EBITDA: **covenant breach** in June 2022

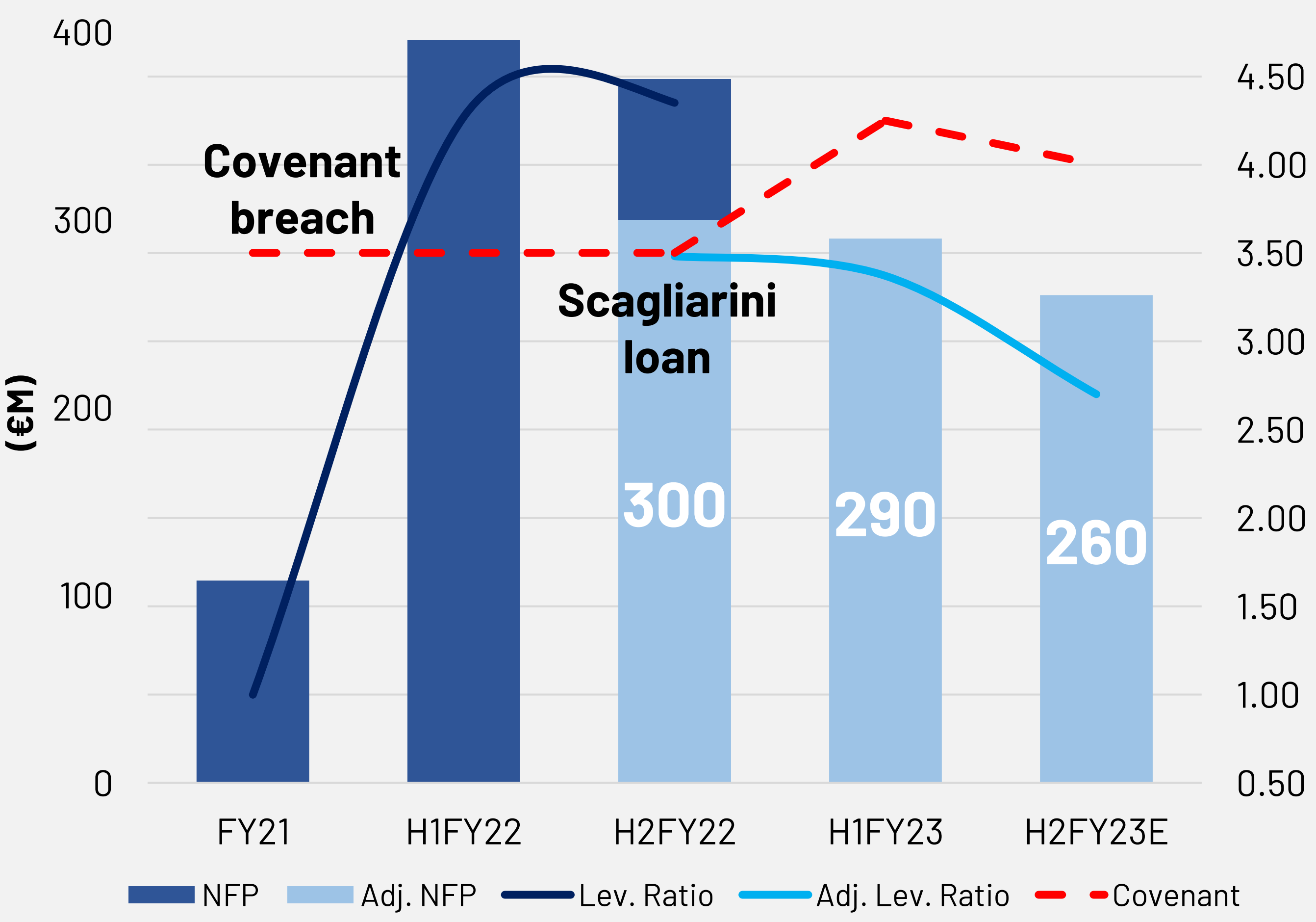
M&A Value Creation

↑ ↓

Leverage Limit

NET FINANCIAL POSITION

The excessive leverage and covenant breach



Source: FactSet, team estimates

Net Financial Position from €100M to €400M to finance acquisitions

High NFP and low EBITDA: **covenant breach** in June 2022

€75M loan by Massimo Scagliarini (considered as equity) **to mitigate**

M&A Value Creation

↑ ↓

Leverage Limit

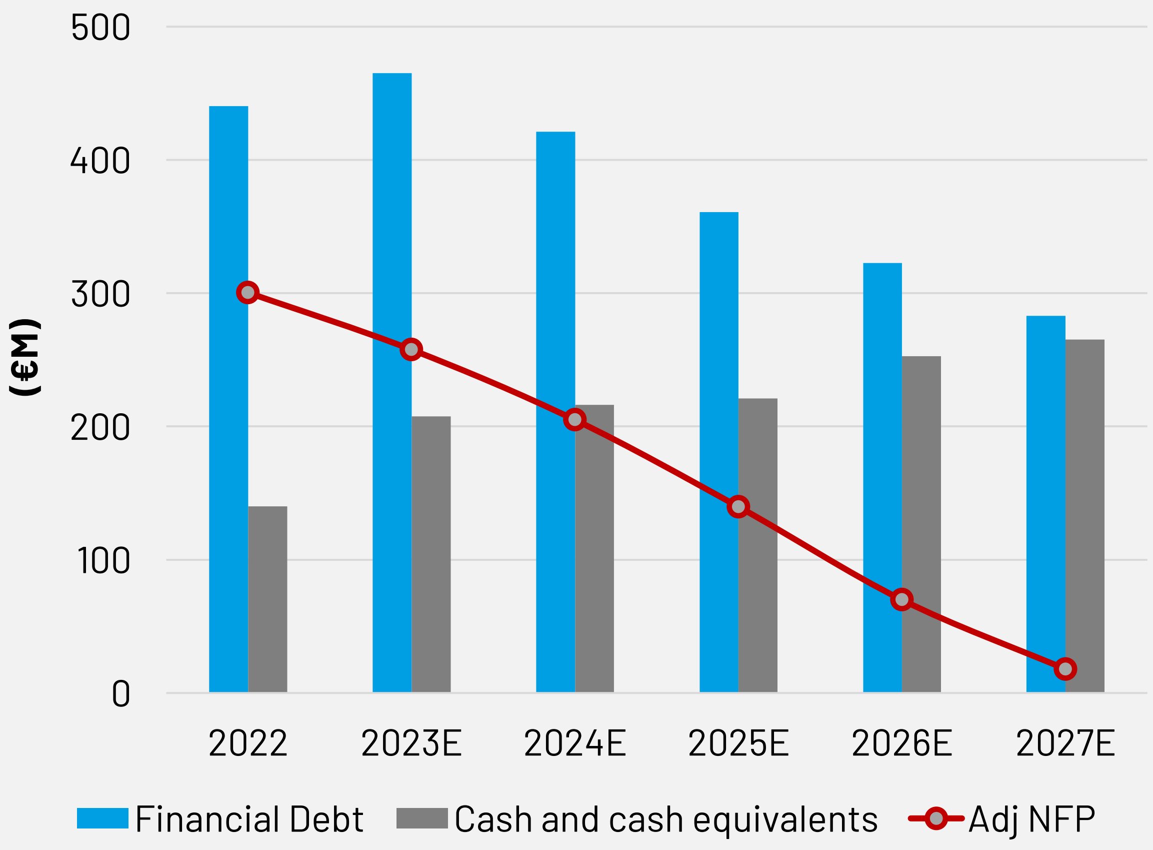
THE SHORT-TERM PRIORITY OF DELEVERAGING...

The Company **needs to reduce its Net Financial Position**

NFP decrease stems from:
- Operating cash generation
- Tighter control on Working Capital

In our model we **rule out any acquisition in the short term**

1.1x-1.2x Adj. Leverage Ratio in 2025E



Source: team estimates

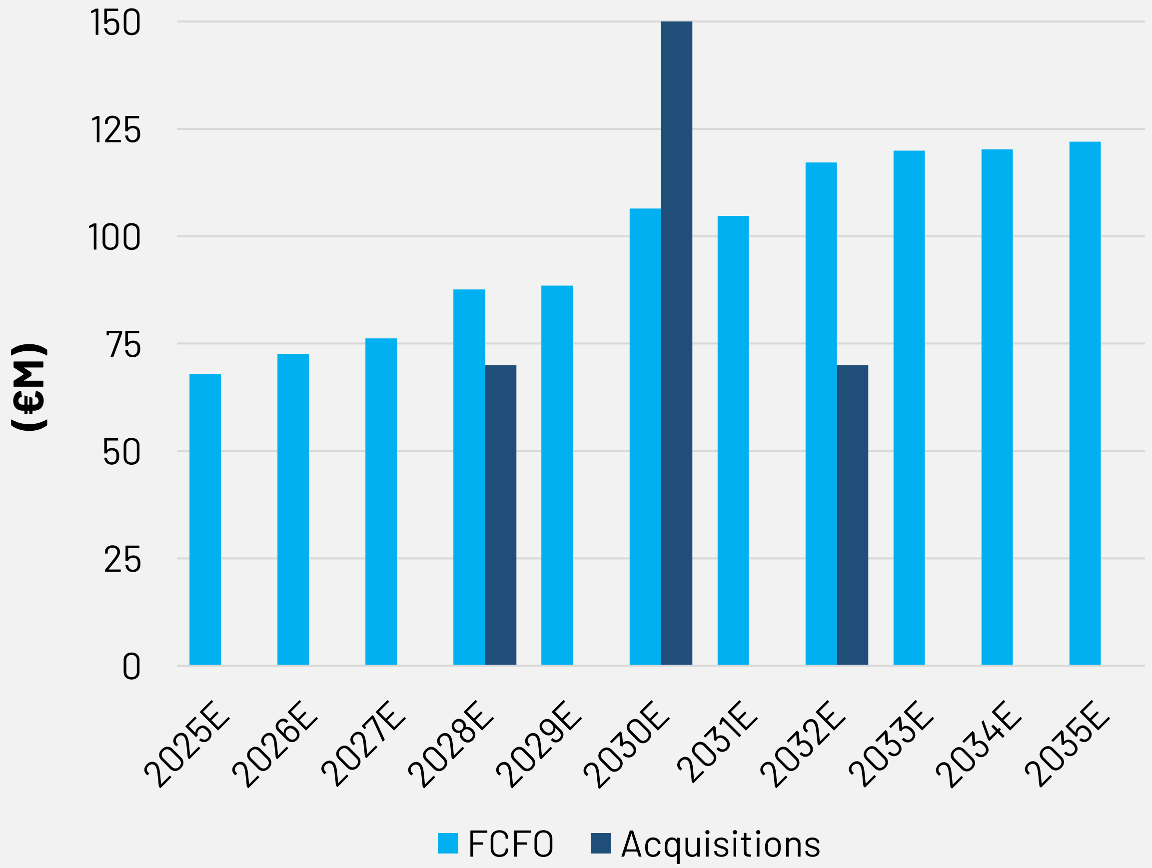
M&A Value Creation

↑ ↓

Leverage Limit

...AND THE MEDIUM-TERM RESTART OF INORGANIC GROWTH

Future acquisitions and Cashflow generation



Source: team estimates

We expect the Company to restore a **viable capital structure by 2025**

In our model, **inorganic growth will restart from 2028**, partially financed with debt

We assume acquisitions to:

- **Expand Safety**
- **Strengthen Healthcare**

M&A Value Creation

↑ ↓

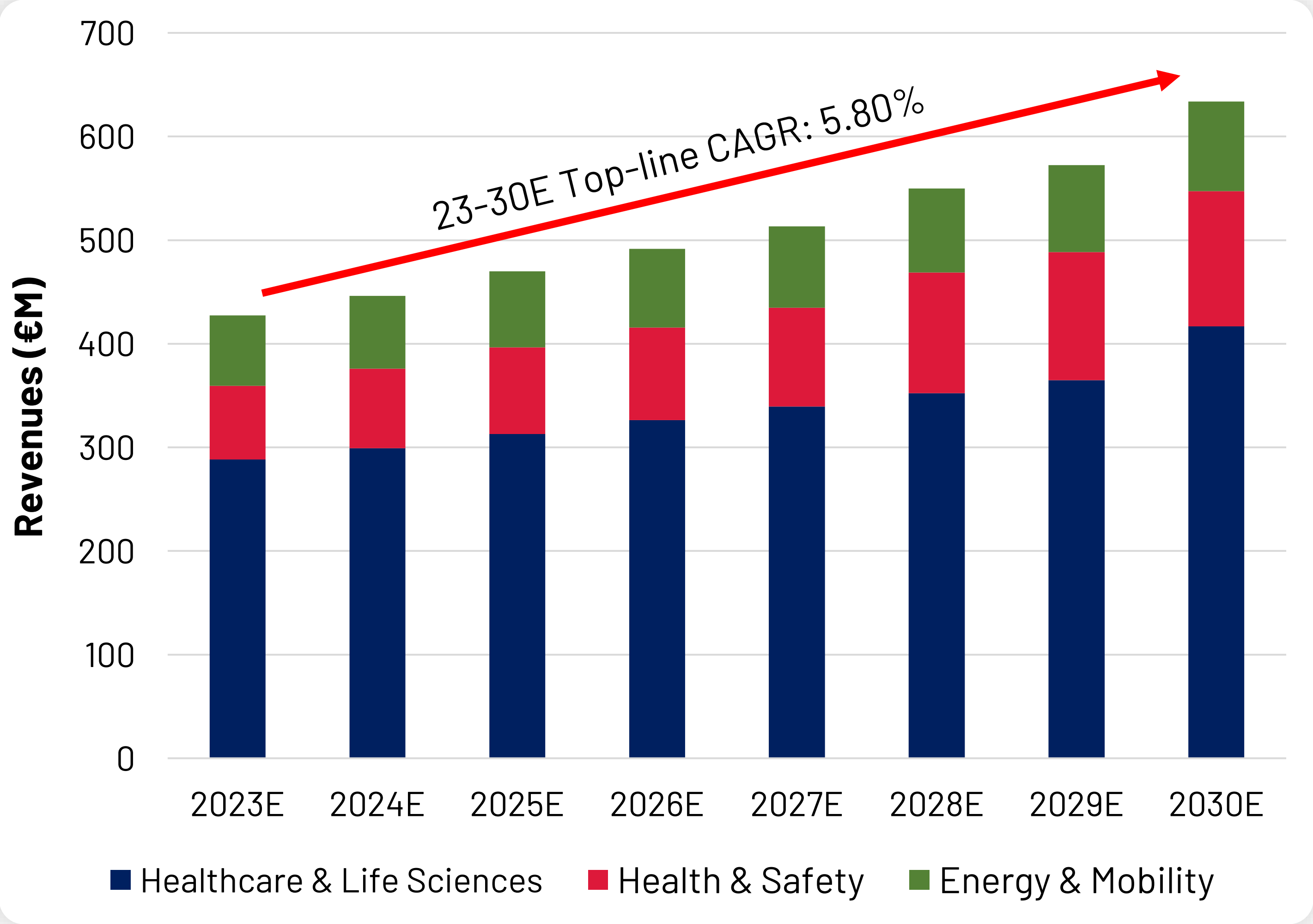
Leverage Limit

3

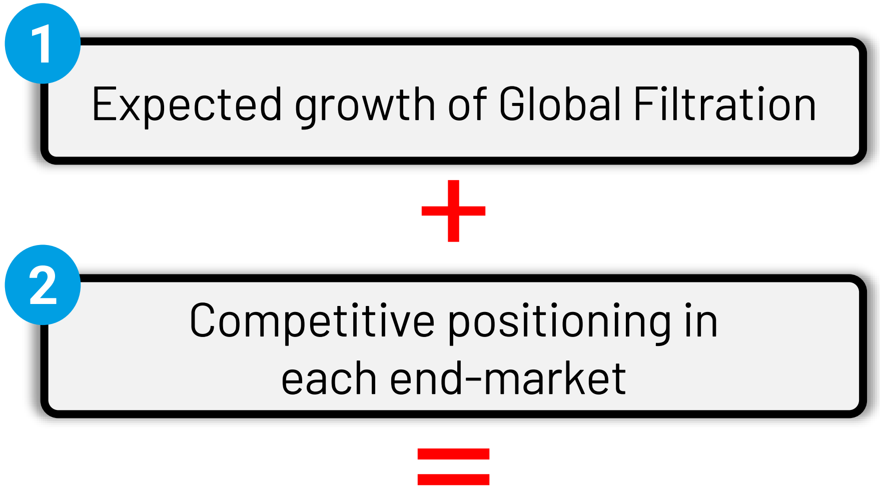
VALUATION

TOP-LINE GROWTH ESTIMATES

Healthcare consolidates, Mobility shrinks, Safety boosts



Source: *team estimates*



1 Expected growth of Global Filtration

\+

2 Competitive positioning in each end-market

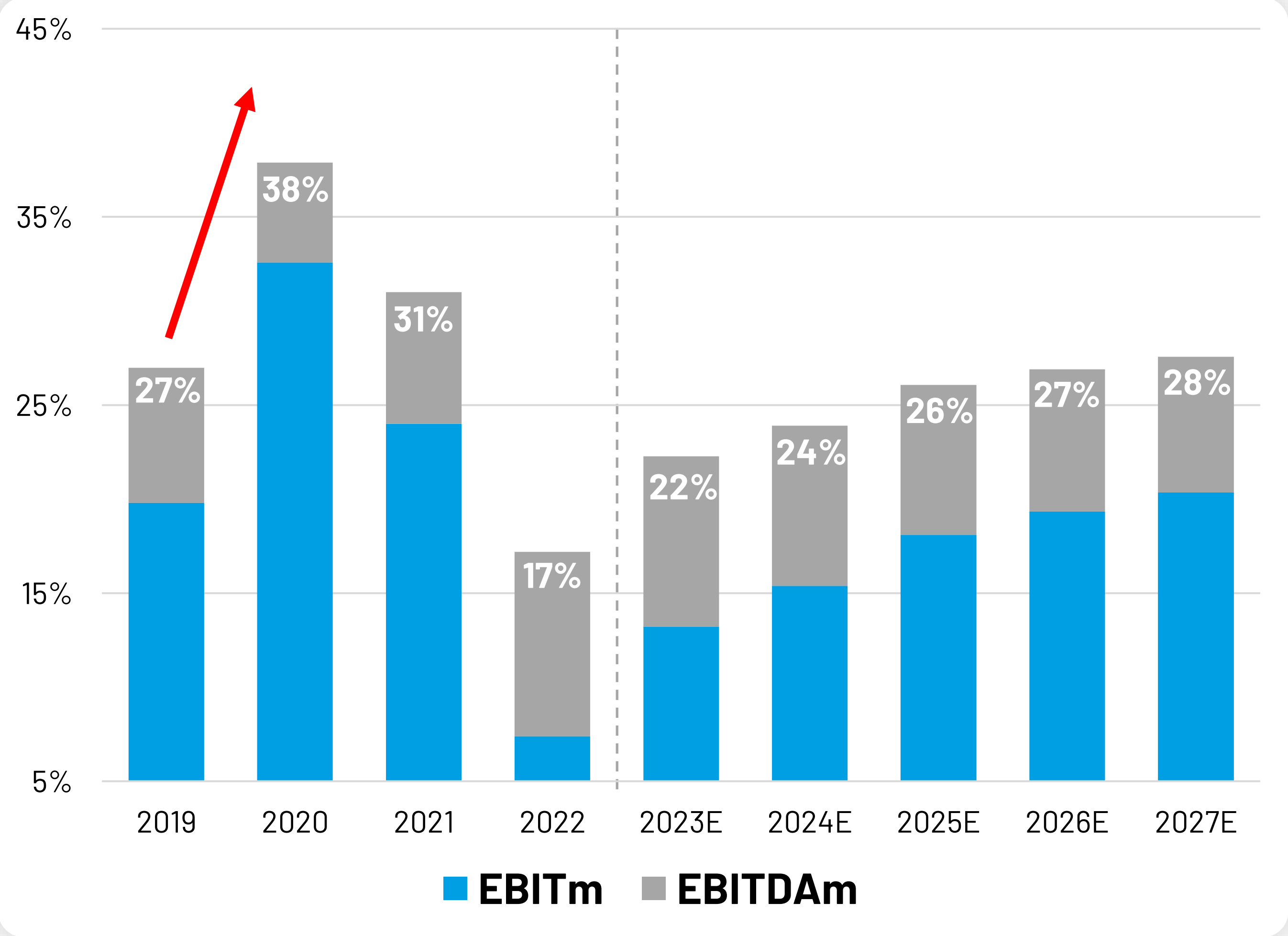
=

	CAGR 23E-30E
Healthcare	5.40%
Safety	9.10%
Mobility	3.50%
Top-line	**5.80%**

MARGINS EVOLUTION

A steady comeback to pre-Pandemic levels

1 **Peak in 2020** at 38% EBITDAm thanks to **disposable masks**



Source: team estimates

MARGINS EVOLUTION

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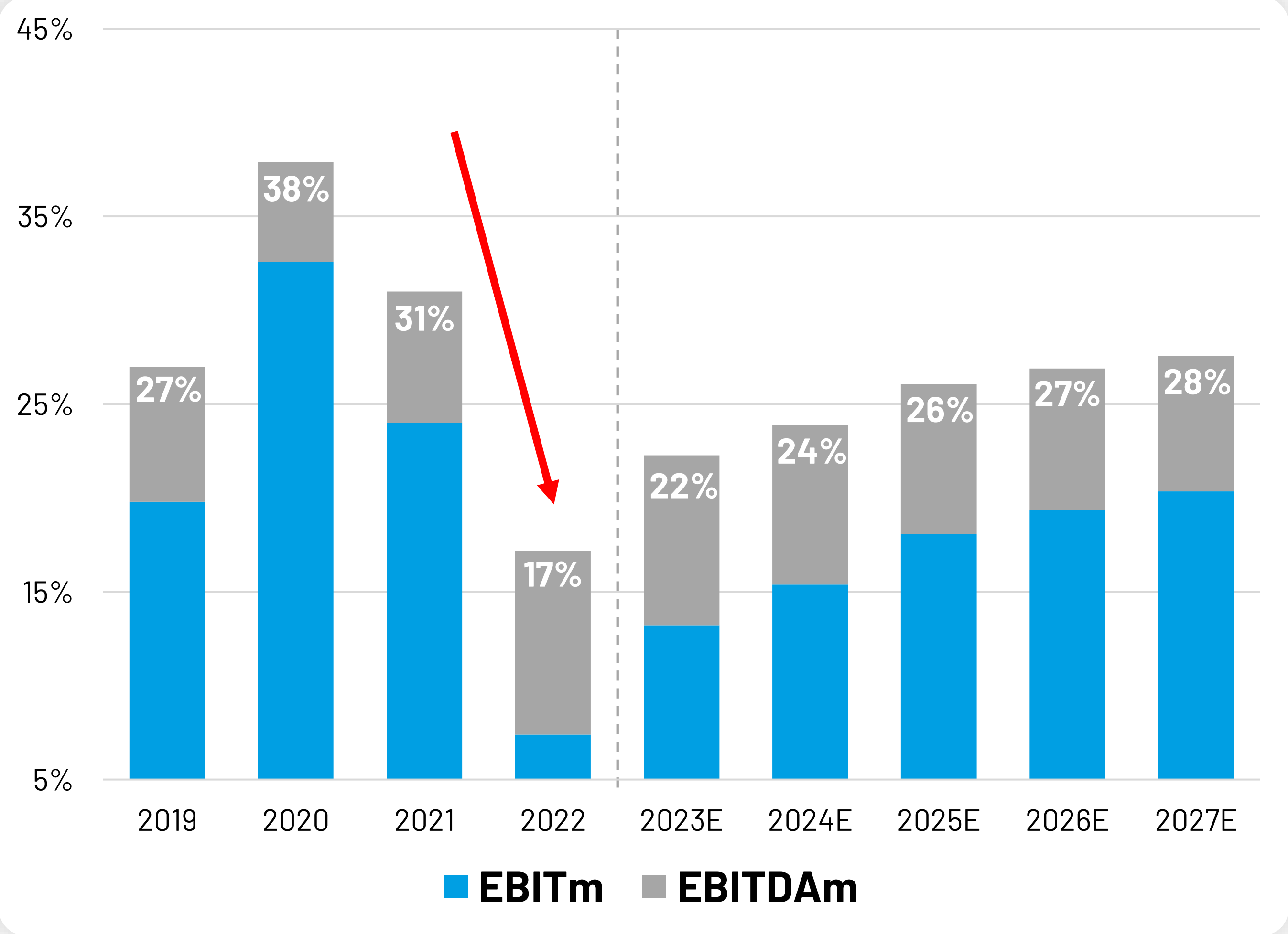
2 **Post-Pandemic drop due to:**

- End of masks momentum
- Inflation
- Low pricing power



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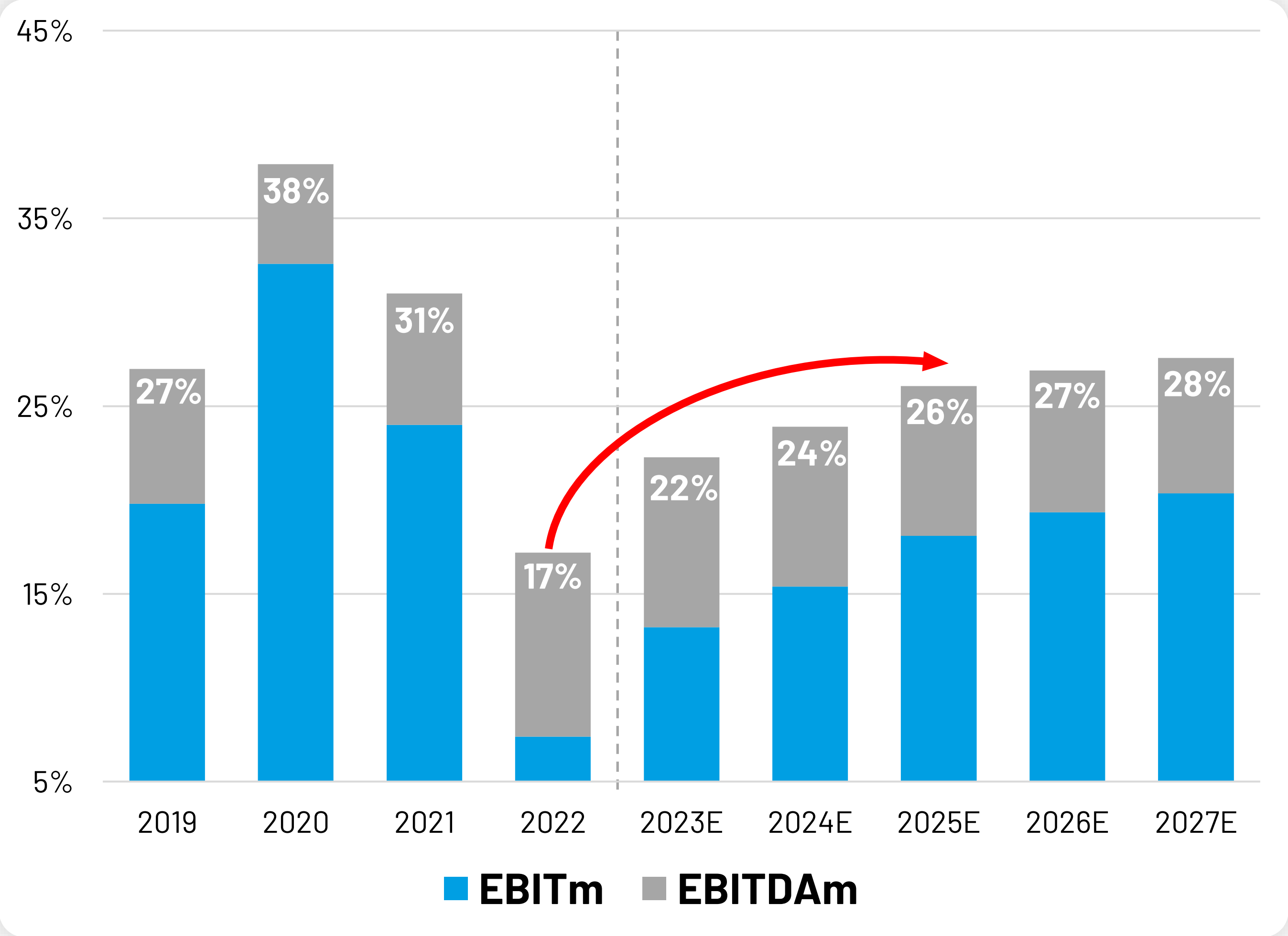
3 **Gradual increase to pre Covid levels:**

- Driven by exposure to **Healthcare** and **Safety** together with cost synergies
- Limited by **strong competition** and **high leverage**



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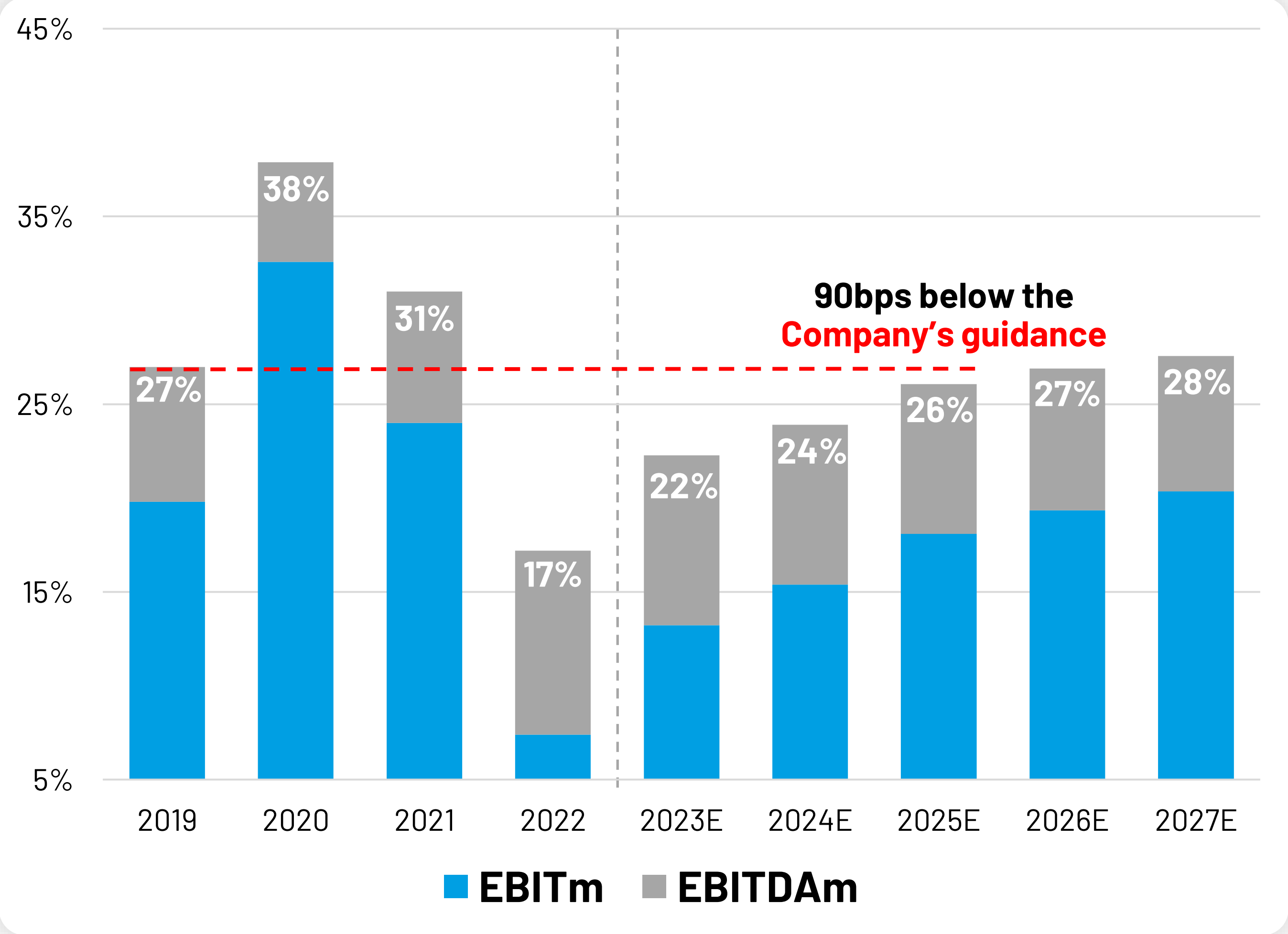
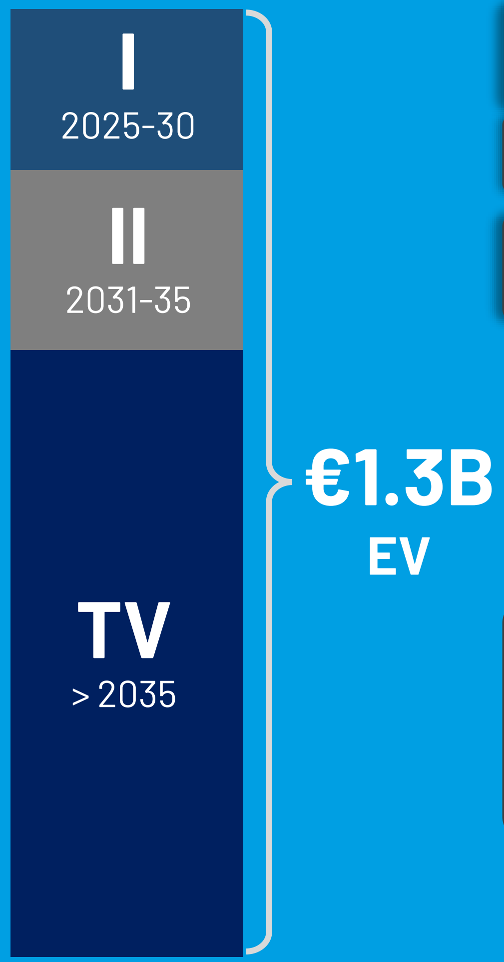


Source: team estimates

3-STAGES DCF MODEL

...to value GVS' unique features



6% FCFF CAGR 2025-35E

8.25% Discount rate (WACC)

9.7% Cost of equity

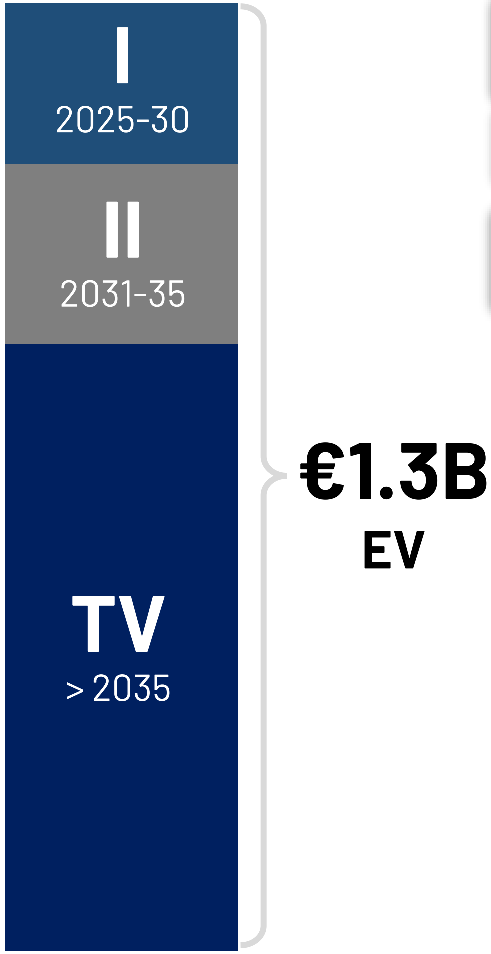
4.3% Cost of debt

1.36 D/E 2023E book value

- **I Stage**: Healthcare leads, Mobility shrinks, Safety boosts
- **II Stage**: Reaching maturity
- **TV**: **2.5%** Terminal growth

3-STAGES DCF MODEL

...to value GVS' unique features



I
2025-30

II
2031-35

TV
> 2035

€1.3B
EV

6% FCFF CAGR 2025-35E

8.25% Discount rate (WACC)

9.7% Cost of equity

4.3% Cost of debt

1.36 D/E 2023E book value

- **I Stage**: Healthcare leads, Mobility shrinks, Safety boosts
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OUR TARGET PRICE

€6.42
TARGET PRICE

HOLD

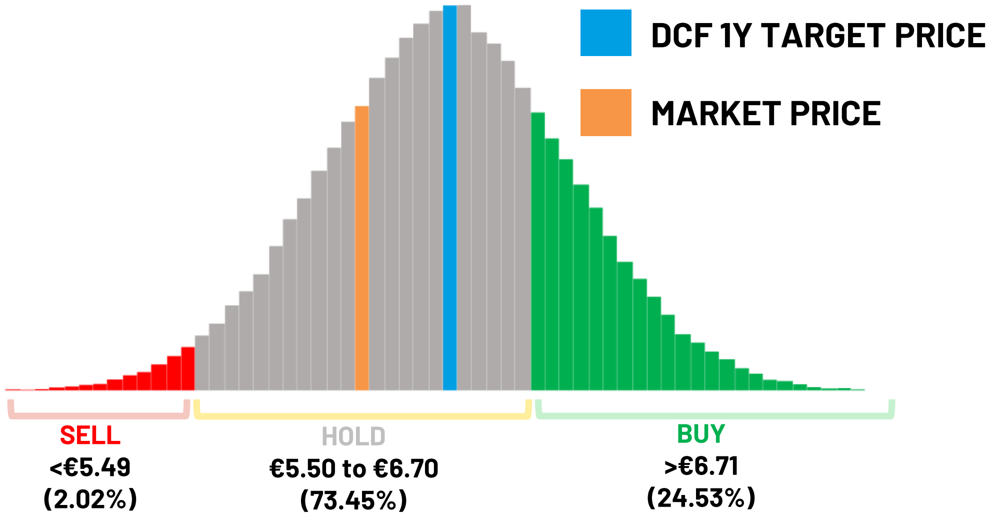
5.25% Upside

€6.10
CURRENT PRICE

ROBUSTNESS CHECKS

To reinforce the validity of our model

Monte Carlo simulation



Parameters stressed	Revenues – Raw Materials – Personnel costs – CapEx
Number of trials	100,000

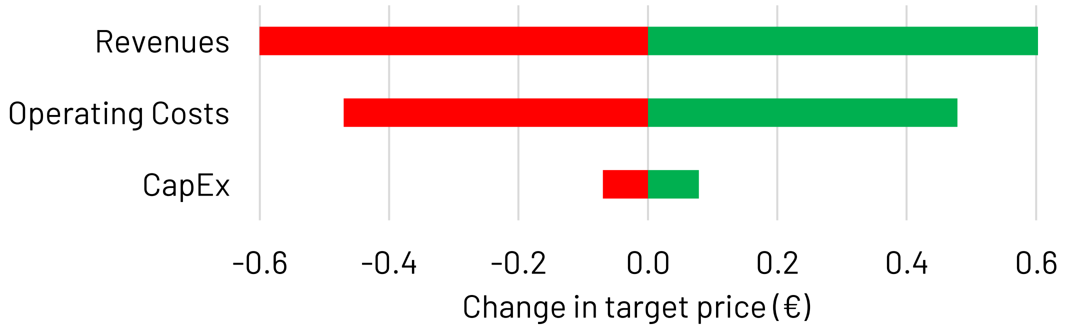
What-if scenario analysis

Aggressive M&A **vs** MedTech Transition

Sensitivity analysis

Δ TERMINAL GROWTH				**Δ WACC**			
	-0.75%	-0.50%	-0.25%	**0%**	0.25%	0.50%	0.75%
0.75%	8.2	7.8	7.3	7.0	6.6	6.3	6.0
0.50%	7.9	7.5	7.1	6.8	6.4	6.1	5.9
0.25%	7.7	7.3	6.9	6.6	6.3	6.0	5.7
0%	7.5	7.1	6.7	**6.4**	6.1	5.9	5.6
-0.25%	7.3	6.9	6.6	6.3	6.0	5.7	5.5
-0.50%	7.1	6.7	6.4	6.1	5.8	5.6	5.4
-0.75%	6.9	6.6	6.3	6.0	5.7	5.5	5.2

Tornado analysis



Source: team estimates

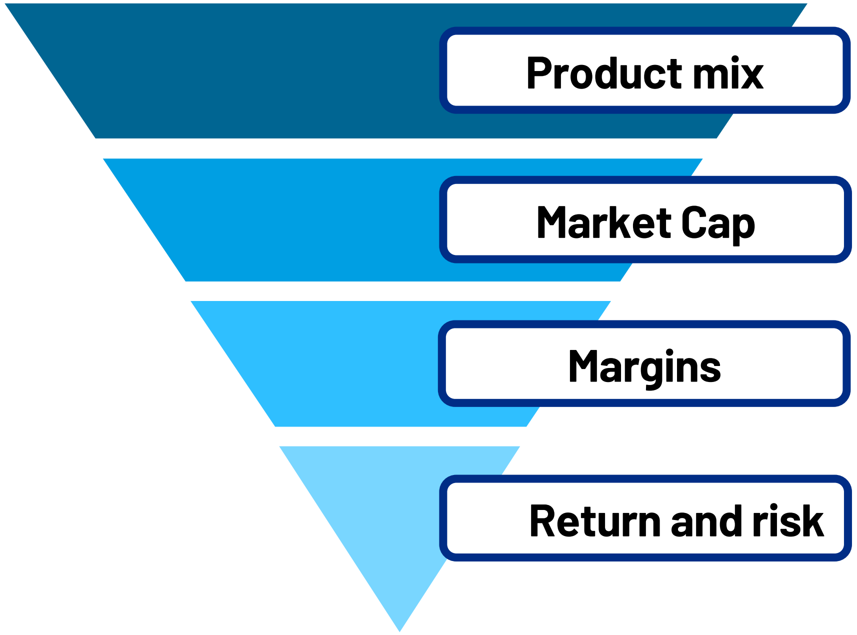
RELATIVE VALUATION

Our Proprietary Scoring Model to properly select peers

Proprietary Scoring Model

Peers' Selection Process

MedTech + Industrial companies

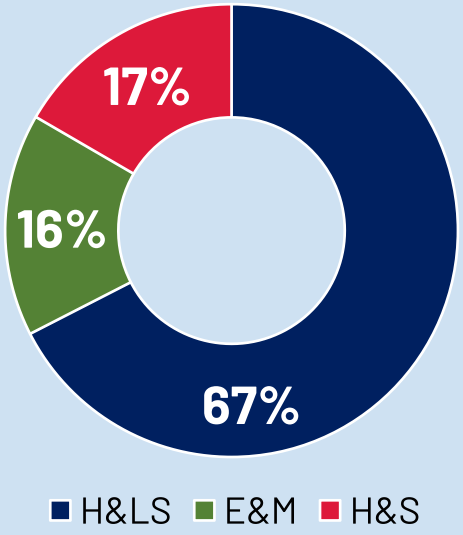


15 Peers → **Relative Score**

Source: team estimates

Weighting Process

1. **Relative Score**
2. **Weighted by GVS Revenues breakdown**
3. **Final Basket**



Source: team estimates

RELATIVE VALUATION

As sanity check to our DCF

PEER GROUP		1Y Forward EV/EBITDA	1Y Forward P/E
Healthcare & Life Sciences (MedTech)	Merck Danaher Sartorius Medtronic STERIS BD	14x	21x
Energy & Mobility (Industrial)	Donaldson Filtration Solutions Parker Filtertek Atmus	11x	17x
Health & Safety (Industrial)	Dräger MSA Honeywell 3M AVON	8x	14x

Multiple Valuation

Proprietary Scoring Model

Peers' Average
EV/EBITDA
12.85x

Target Price
€6.64
(*+9% Upside*)

Peers' Average
P/E
19.34x

Target Price
€6.06
(*-0.7% Downside*)

Source: team estimates

RISK FACTORS IN OUR VALUATION

Investigating the Worst-Case Scenarios (WCS)

MARKET

- Interest rate risk
- Inflation risk on margins
- Macroeconomic conditions risk
- Supply-chain market breakdown risk

OPERATIONAL

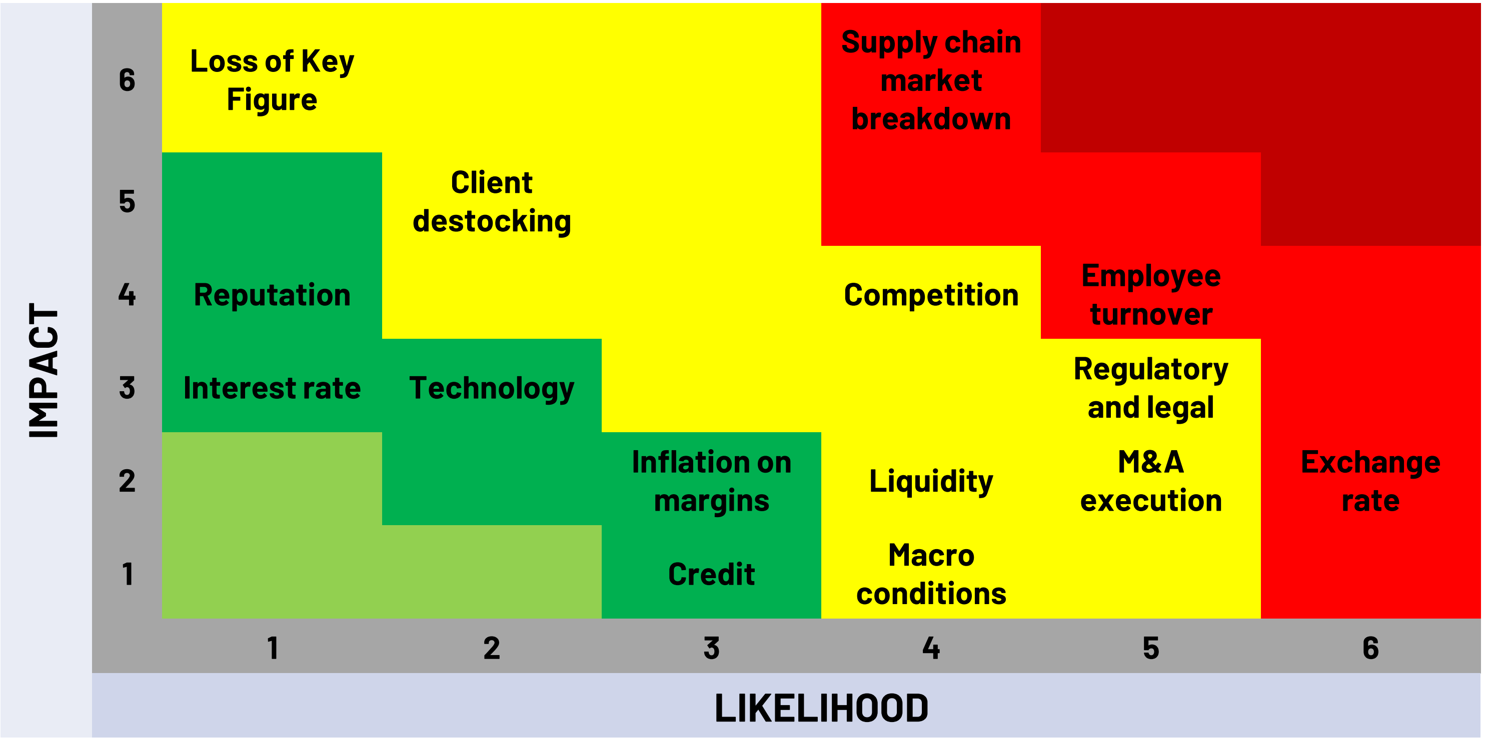
- M&A execution risk
- Employee turnover risk
- Loss of key figure risk
- Client destocking risk
- Competition risk
- Technological risk

LEGAL

- Regulatory and legal risk
- Reputational risk

FINANCIAL

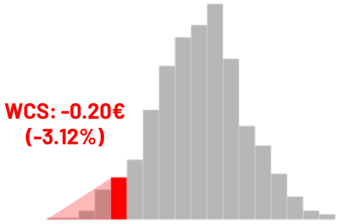
- Liquidity risk
- Exchange rate risk
- Credit risk



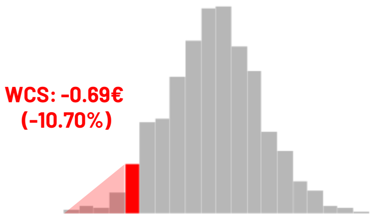
IMPACT 6	Loss of Key Figure			Supply chain market breakdown		
5		Client destocking				
4	Reputation			Competition	Employee turnover	
3	Interest rate	Technology			Regulatory and legal	
2			Inflation on margins	Liquidity	M&A execution	Exchange rate
1			Credit	Macro conditions		
	1	2	3	4	5	6

LIKELIHOOD

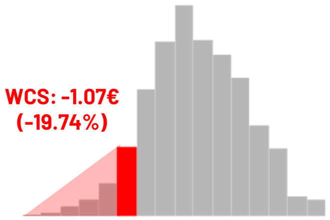
M&A Execution



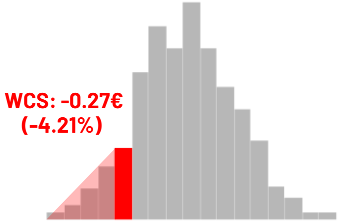
Employee Turnover Risk



Loss of Key Figure



Exchange Rate Risk



Source: team estimates

4

ESG

ESG COMPARATIVE ANALYSIS

Our Proprietary Scoring Model unveils a BB rating

74 metrics

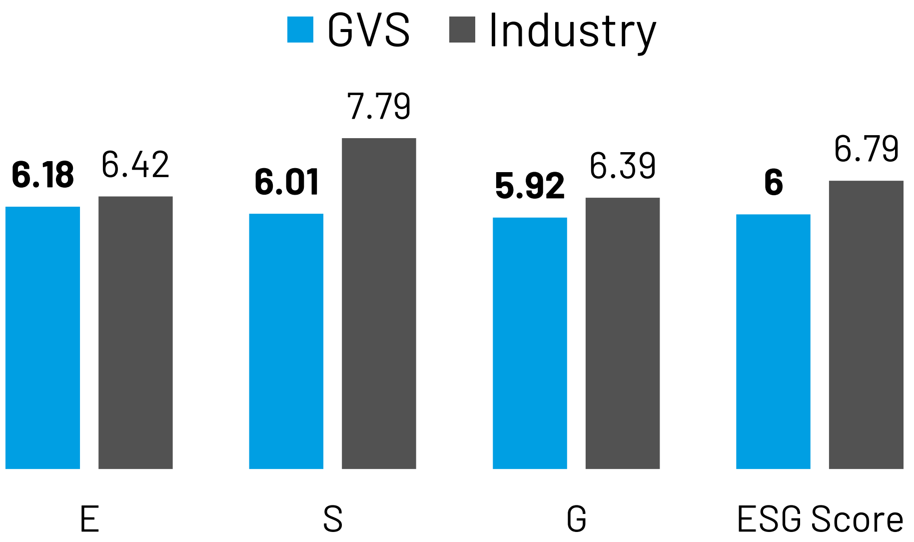
E — **26 metrics**
3 key factors

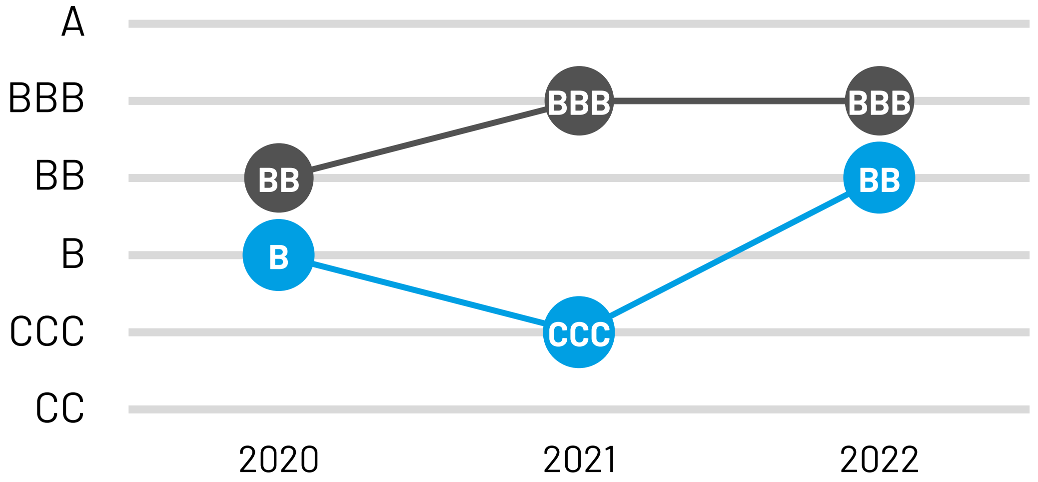
S — **28 metrics**
4 key factors

G — **20 metrics**
3 key factors

Score
6.00

BB





Source: Refinitiv, team estimates

ENVIRONMENTAL DIMENSION

A call to action for energy efficiency

E **BB**

6.18 / 10

FEATURES

Carbon Neutral by 2040

No targets on Water and Energy Efficiency

Plants transition to 100% renewable energy

🟦 GVS ■ Industry

Waste Recycling Ratio

59% vs 56%

Carbon Intensity

(ton CO2/€ m Revenues)

53.11 vs 30.22

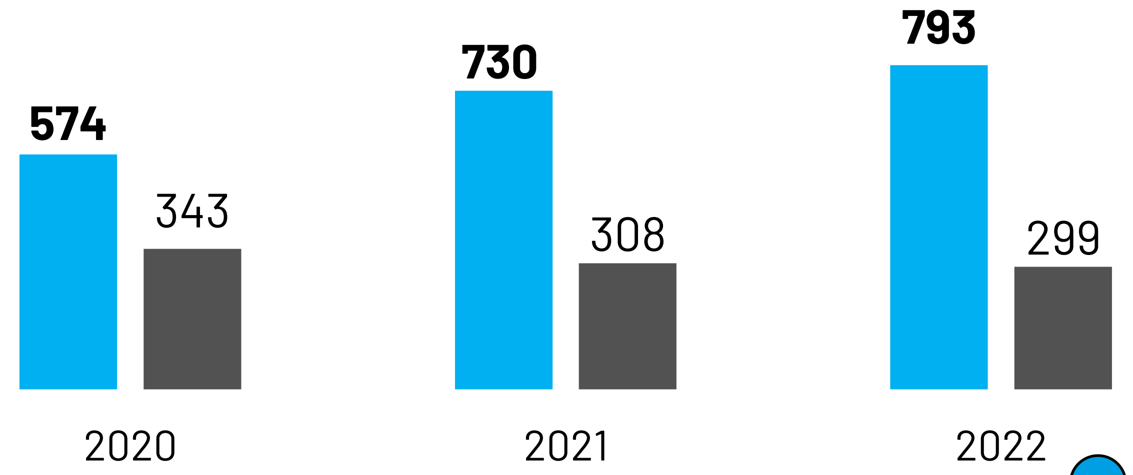
Energy Consumption

(GJ /€ m Revenues)

792.51 vs 299.28

Renewable Electricity Use

26.74% vs 12.95%



Source: Refinitiv

SOCIAL DIMENSION
The alarming gap with industry peers

S **BB**
6.01 / 10

FEATURES

- Collaborations with Universities
- Local Communities Support
- Code of Ethics and Supplier Code of Conduct

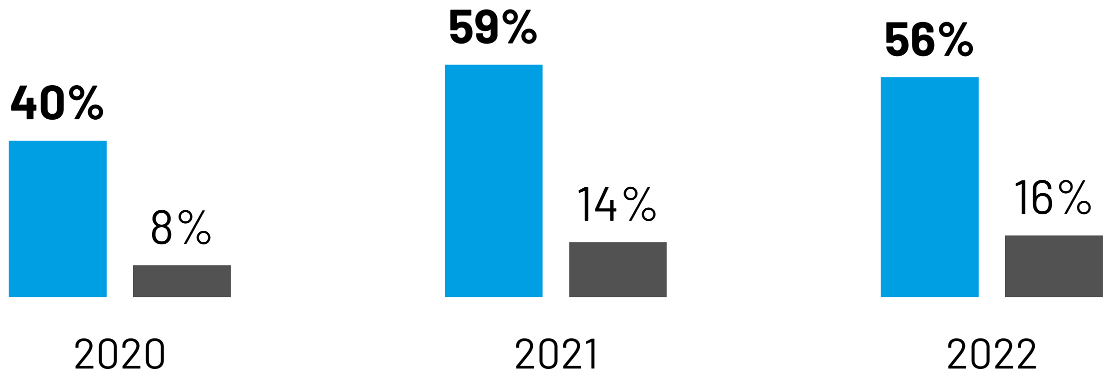
🟦 GVS ⬛ Industry

Women Employees
60% vs 38%

Total Injury Rate
5.49 vs 3.81

Turnover of Employees*
56% vs 16%

Salary Gap
58 vs 57.71



*Such high values are mainly due to Pandemic-contract resolution and workforce reorganization program from recent acquisitions

Source: Refinitiv

GOVERNANCE DIMENSION

A family-run business

G **BB**

5.92 / 10

FEATURES

Lack of disclosure on divisions key metrics

Fully Independent Committees

Double Voting Rights System

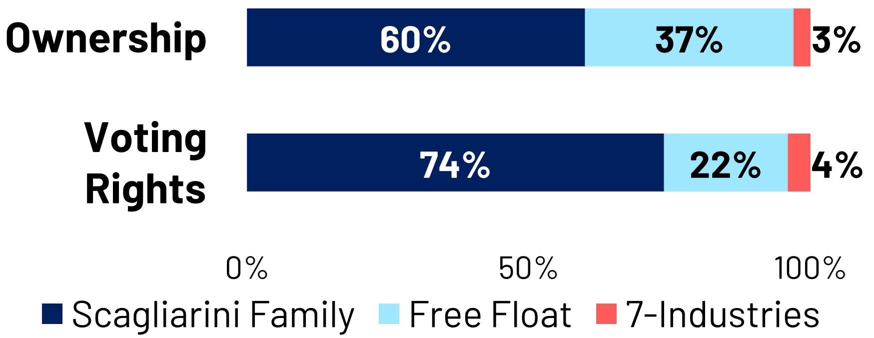
🟦 GVS ⬛ Industry

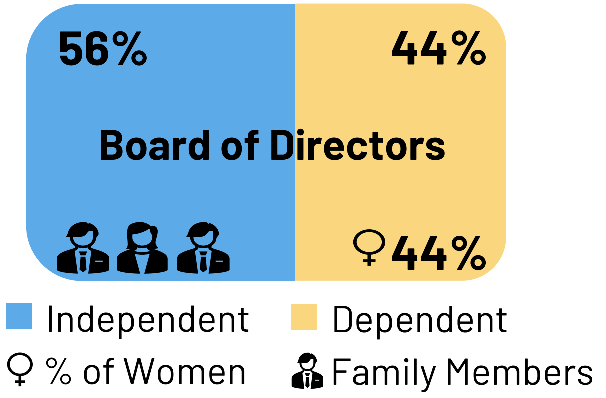
Board Gender Diversity
44% vs 33%

Veto Power
YES vs 86%NO

Number of SDG
5 vs 6.43

Independent Board Members
56% vs 73%





Source: Refinitiv

OUR INVESTMENT THESIS

Balancing opportunities and challenges

GVS S.p.A. | Filtration Equipment

CURRENT PRICE

€6.10

09/02/2024

HOLD

TARGET PRICE

€6.42

Upside 5.25%

↑ *1.* **Favorable** Industry trends… …**Suboptimal** positioning ↓

↑ *2.* **M&A** Value creation… …**Leverage Limit** ↓

1. BUSINESS

1.1 Stock price: Evolution, relative performance, recent dynamics, drops
1.2 Stock profile
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1.5 Customer Segmentation, evolution
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STOCK PRICE EVOLUTION

From IPO to present: tracing the stock's path

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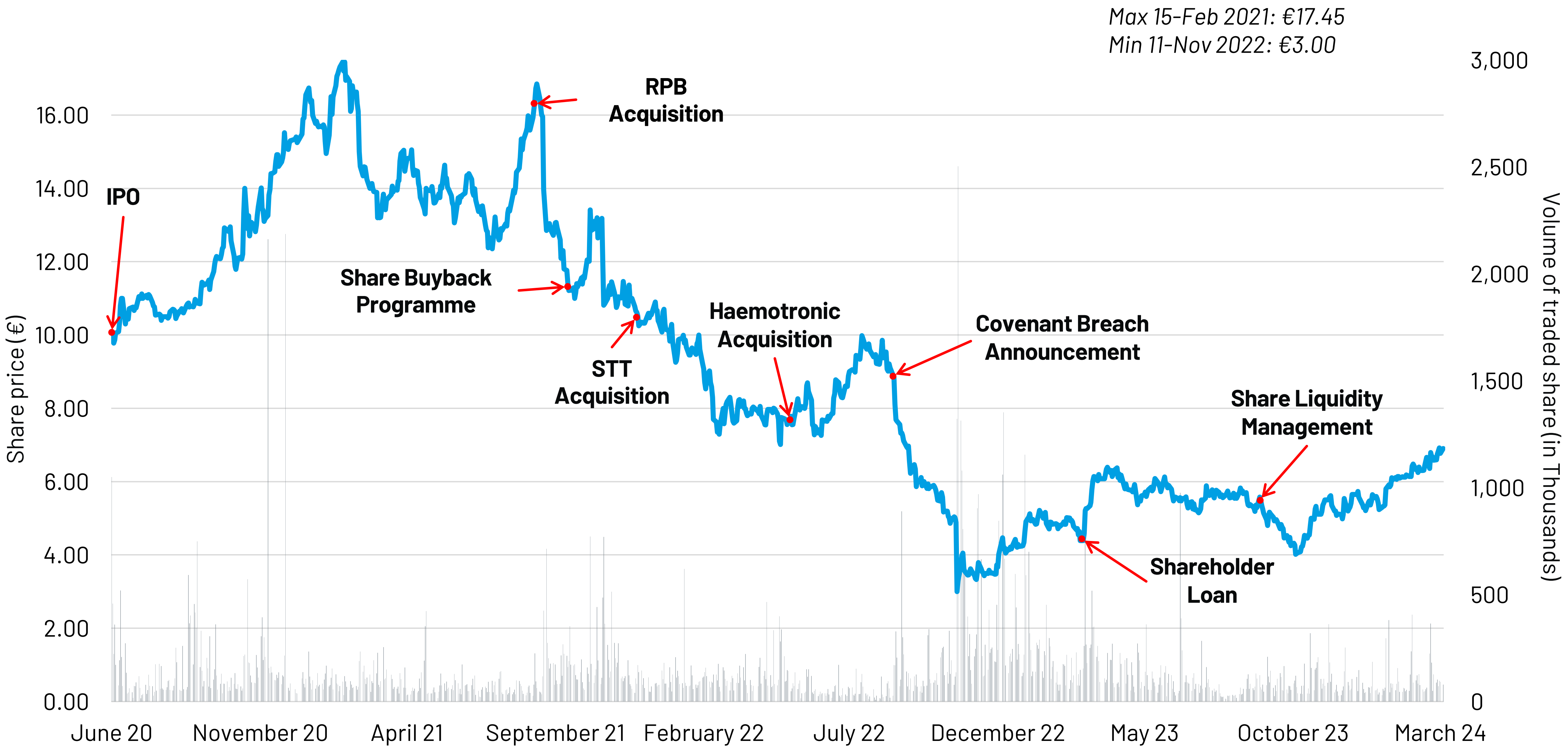
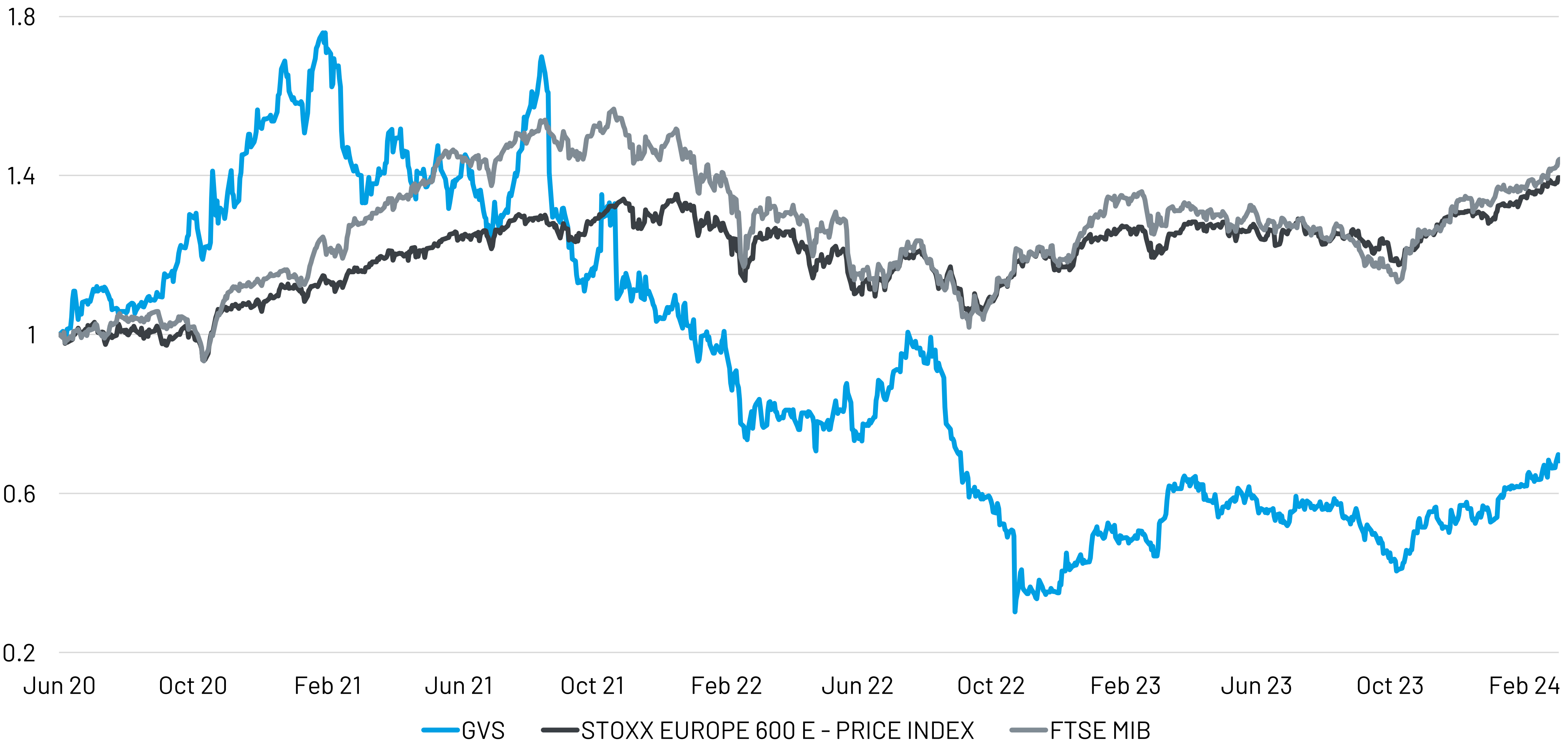


Source: Refinitiv

STOCK PRICE RELATIVE PERFORMANCE

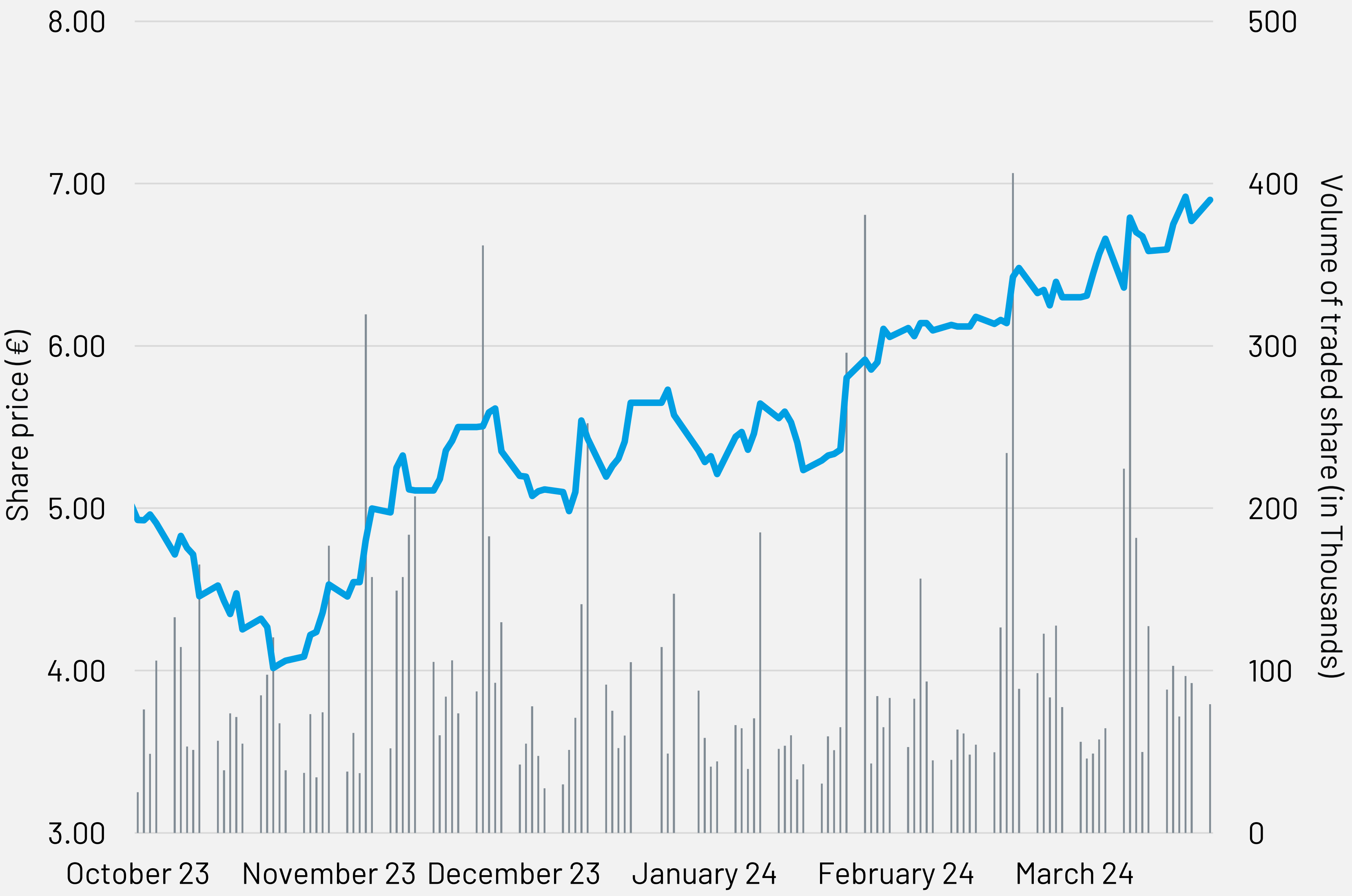
GVS vs. STOXX Europe 600 and FTSE MIB Indices



Source: Refinitiv

STOCK PRICE DYNAMICS

Focus on the last 6 months



Source: Refinitiv

+37.5% from 03/10/23 to 25/03/24

1. The market is incorporating the **effective management** practices of both:
   - **deleveraging** policies
   - **integration** of recently **acquired companies**

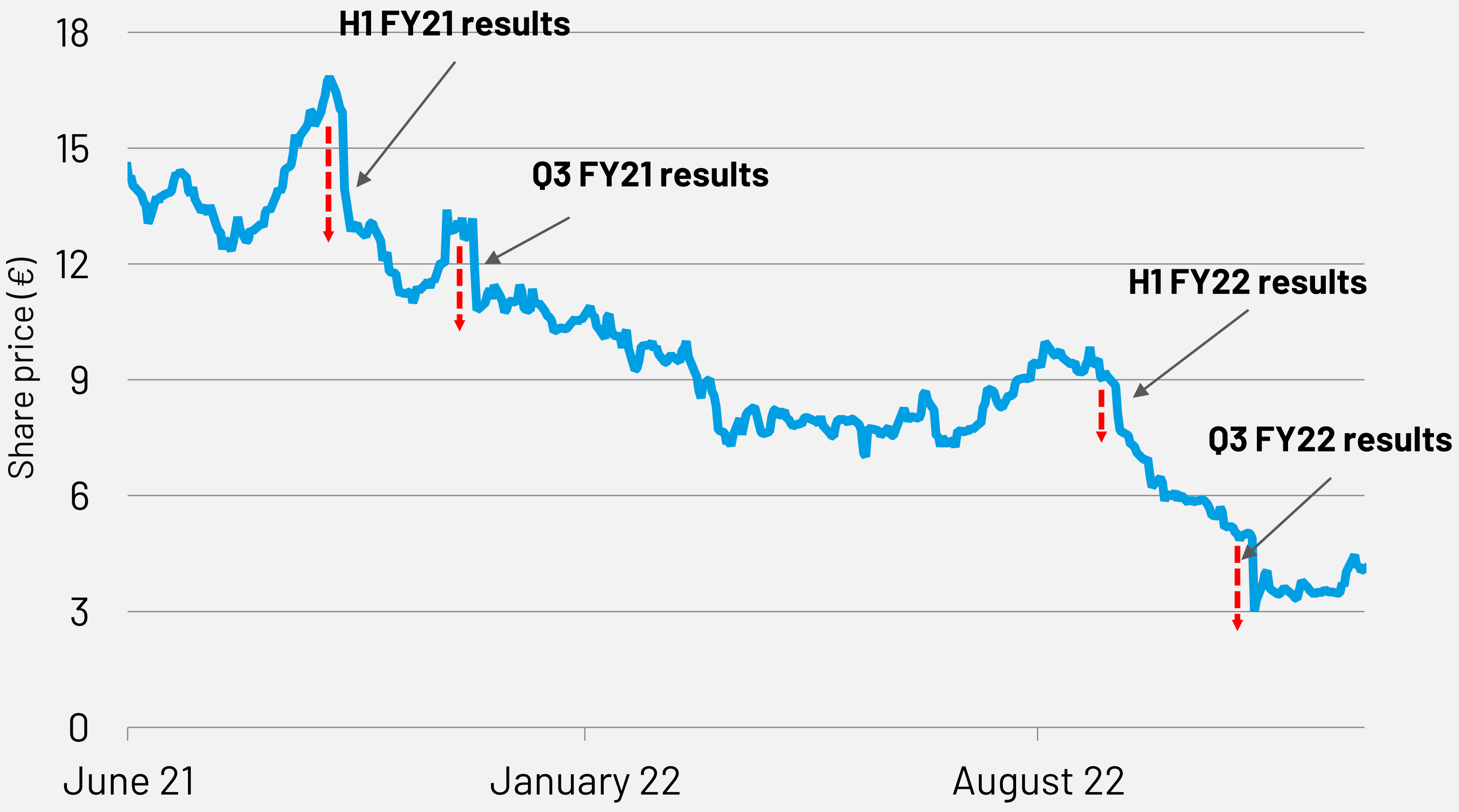
2. GVS stock price has been on the rise lately, riding the **positive momentum of Italian stocks** over recent months

POST-PANDEMIC STOCK PRICE DROPS

The Company’s recurrent pattern of revising future targets

Index

GVS share price (€)



Source: Refinitiv

The post-Pandemic largest daily drops usually corresponded to **quarterly results**

The Company announced targets for its results, then **failed to meet them and revised them downward**

Revising downward the outlook for the future is perceived by the market as **lack of credibility**

GVS' TRADING SUMMARY

Market Overview

As of 25/03/2024

Italy

Milan Stock Exchange

Refinitiv

Medical Equipment, Supplies & Distribution

Borsa Italiana (Exchange)

Industrial Goods and Services

Market Data	**Market Cap: €1.21B**	**Shares Outstanding: 174.76M**	**Free Float: 36.88%**
Stock performance	**1 Month: +6.48%**	**6 Months: +39.11%**	**1 Year: +12.75%**
Trading information	**Avg. Daily volume: 145K**	**Daily standard deviation: 2.93%**	**Beta: 0.96**

Source: Refinitiv

THE HISTORY OF GVS

Milestones at a glance

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1979

Grazia Valentini founds GVS

1983

Birth of the Energy & Mobility division

1985

First patent related to infusion

1993

First overseas sales office

2003

Massimo Scagliarini becomes CEO

2012

Birth of the Health & Safety division

2020

GVS goes public

2021-22

Post-Pandemic acquisition deals

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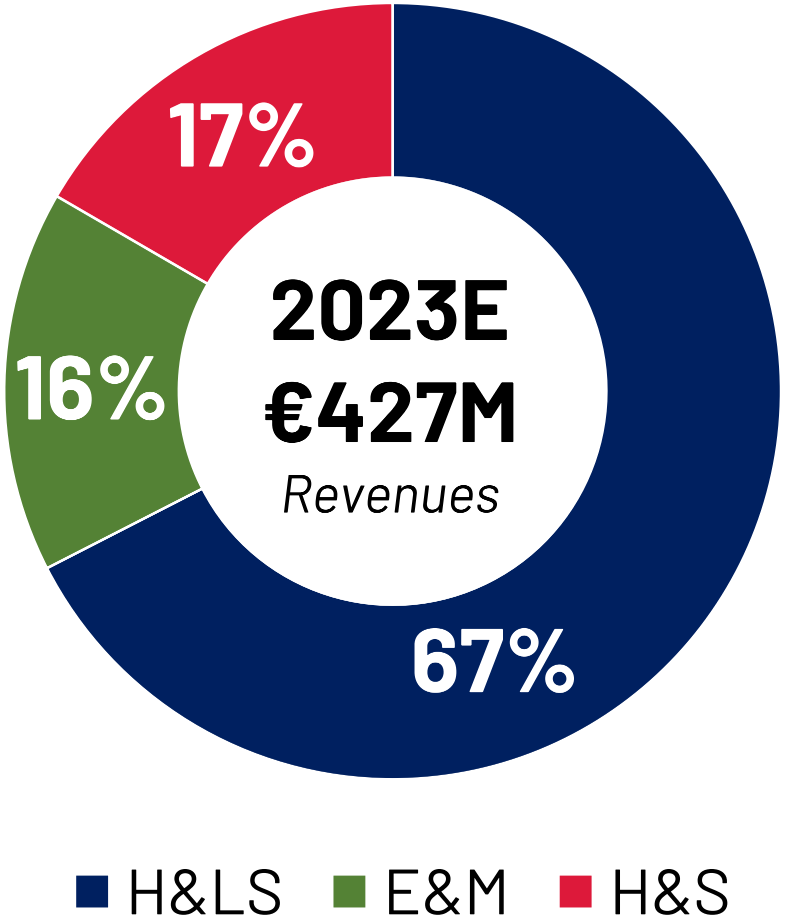
BUSINESS SEGMENTATION: 3 DIVISIONS



Source: Company data

DIVISIONS

Healthcare & Life Sciences

It offers filters, disposable components and membranes for **filtration of liquids and air**, and separation solutions with multiple application, such as: infusion, transfusion and dialysis.

Energy & Mobility

It offers filters and disposable components with applications in **vehicles security and powering,** spanning gasoline, diesel and urea technologies.

Health & Safety

It offers devices used in the field of **personal and collective respiratory protection**, such as full and half masks and HEPA panels.

- In all divisions, GVS sells **high quality products** that are employed in several **critical applications**
- **Filters must be "zero defects"** in order to comply with **strict regulation** of the market and ensure the **proper functioning**

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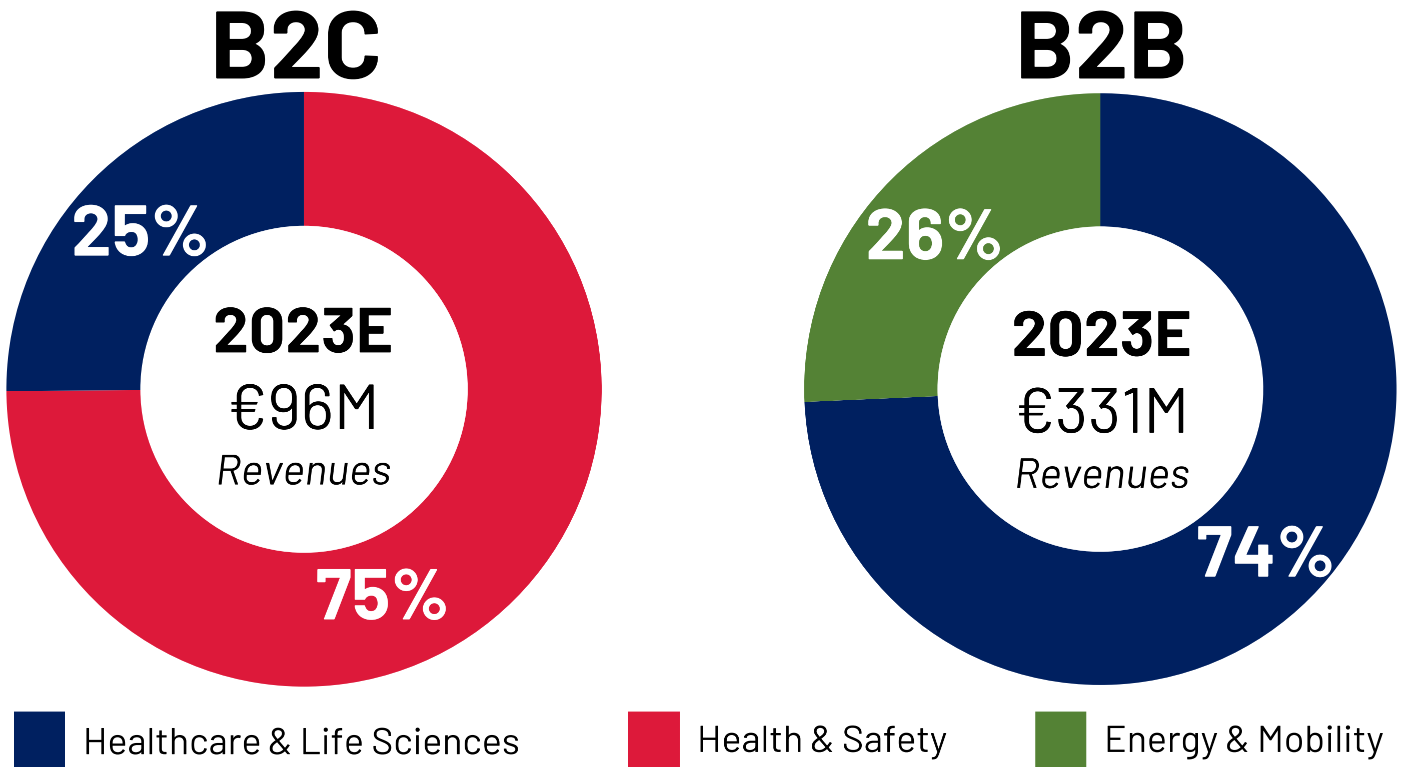
CUSTOMER SEGMENTATION

Business-to-Business (B2B) and Business-to-Customer (B2C)



4000+ clients

Concentration of clients

- **Higher in H&S and E&M**
- **Lower in HL&S**

- **Limited B2B customers mobility** due to **low incentives in changing supplier**
- This implies **high customers retention** but also more **difficulties in acquiring new clients**

B2B CLIENTS

Merck
cytiva
SARTORIUS
Dräger
Baxter
Ford
dyson

Source: Company data, team estimates

REVENUES EVOLUTION IN B2B-B2C

Dominant B2B channel, slight B2B uptick

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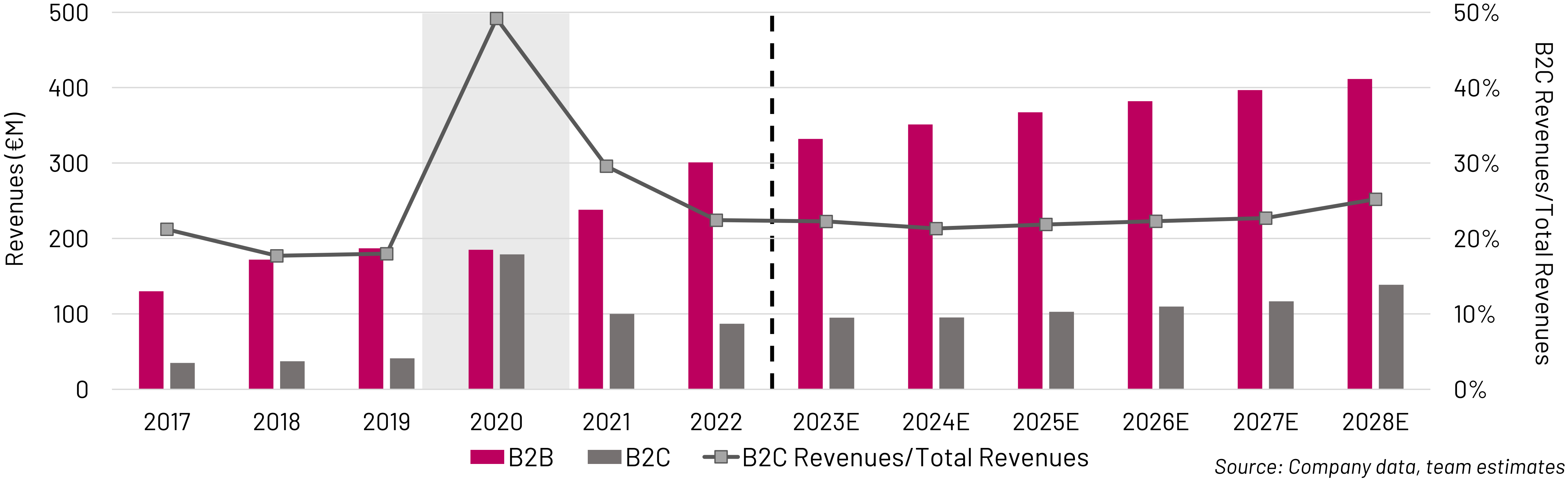

Source: Company data, team estimates

During the **Pandemic**, **B2C sales** witnessed a **significant surge**, primarily fueled by the demand for disposable face masks (FFP3)

We foresee a higher level of B2C sales compared to pre-Pandemic levels, driven by **increased penetration in the Safety Industry**, which exclusively cater to the B2C market

B2C CLIENTS

- Online distributors
- Hospitals
- Universities
- Food&Beverage companies
- Research labs

B2B CLIENTS

- Pharmaceutical companies
- OEMs
- Tier 1 suppliers
- Tier 2 suppliers

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DIVISIONS AND SUBDIVISIONS IN 2023E

Healthcare & Life Sciences

Healthcare Liquid

52.14%

Healthcare & Life Sciences

Healthcare Air & Gas

7.16%

Healthcare & Life Sciences

Laboratory & Membranes

8.20%

Energy & Mobility

Powertrain & Drivetrain

6.61%

Energy & Mobility

Safety & Electronics

4.73%

Energy & Mobility

Sport & Utility

4.55%

Health & Safety

Personal Safety

15.36%

Health & Safety

Air Safety

1.25%

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PRODUCT RANGE AND MARKET SHARE

Healthcare & Life Sciences Best-Sellers

Healthcare Liquid

Speedflow

Healthcare Liquid

IV Flow Regulator

Industry Market Share

2.40%

Healthcare Air & Gas

HMEF filters

Healthcare Air & Gas

Tracheostomy Humidifiers

Industry Market Share

7.30%

Laboratory & Membranes

ABLUO syringe filters

Laboratory & Membranes

Flame CoViD -19 Variants Amplification Kit

Industry Market Share

1.00%

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PRODUCT RANGE AND MARKET SHARE

Energy & Mobility Best-Sellers

Powertrain & Drivetrain

Fuel Tank Filter

Powertrain & Drivetrain

Fuel Pump Filters

Industry Market Share

16.60%

Safety & Electronics

ABS/ESP Brake Filters

Safety & Electronics

Injector Filters

Industry Market Share

2.10%

Sport & Utility

Viral Shield Cabin Air Filters

Sport & Utility

SCR Urea Systems

Industry Market Share

2.00%

PRODUCT RANGE AND MARKET SHARE

Health & Safety Best-Sellers

Personal Safety

Segre Mask FFP3

Personal Safety

PAPR

Industry Market Share

4.00%

Air Safety

HEPA High Temperature

Air Safety

Vacuum Cleaner Filter

Industry Market Share

2.00%

GVS BUSINESS MODEL

Exploring how GVS fosters growth

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SETTLEMENT IN END-MARKET NICHES

GVS operates in the protected and specialized **niche of filtration**.

This allows the Company to benefit from the **high-entry barriers set by the stringent regulation** concerning products' quality.

FLEXIBILITY AND DYNAMISM

Three divisions converge into **one operational core**, with the same production plants, professionals, manufacturing processes and technologies, fostering **synergies across all product families**.

M&A STRATEGY

M&A is a key value driver for GVS, with external expansion, with 17 acquisitions since 2009.

Its strategy lies in **vertical and horizontal integration**, along with **geographical expansion**.

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PRODUCTION PLANTS

The flexibility of GVS' production line

PLANT	COUNTRY	BUSINESS LINE								R&D LABORATORY
		H&LS			E&M			H&S		
		Liquid	Air & Gas	Laboratory	Powertrain & Drivetrain	Safety & Electronics	Sports & Utility	Personal Safety	Air Safety	
Zola Predosa 1	🇮🇹	✓		✓	✓	✓				✓
Zola Predosa 2	🇮🇹	✓								✓
Avellino	🇮🇹	✓				✓				
Mirandola	🇮🇹	✓								✓
Borgocarbonara	🇮🇹	✓				✓				
Sanford, Maine	🇺🇸	✓		✓						✓
Bloomer, Wisconsin	🇺🇸				✓		✓			
Findlay, Ohio	🇺🇸				✓		✓	✓		✓
Westborough	🇺🇸	✓		✓						
Detroit	🇺🇸							✓		✓
Shagai	🇨🇳	✓								✓
Suzhou	🇨🇳	✓	✓		✓	✓		✓	✓	
Morecambe	🇬🇧		✓					✓	✓	✓
Monterrey	🇲🇽	✓	✓	✓	✓	✓	✓	✓	✓	
Reynosa	🇲🇽	✓								
Monte Mor	🇧🇷	✓	✓	✓	✓			✓		✓
Ciorani	🇷🇴	✓	✓	✓	✓	✓		✓	✓	✓
Porto Rico	🇵🇷	✓								

GVS presents **18 plants** spread across Europe, North America, and Asia. The majority of these facilities serves **more than one division**

This reflects that **most products share the same filtration technologies**

M&A SYNERGIES

Diving into some historical examples

Index

VERTICAL INTEGRATION

Maine Manufacturing (2012)

US-based manufacturer for precision-molded plastic, filtration, membranes and biological technologies. By internally incorporating membrane production, most of GVS' membranes are homemade.

RPB (2021)

Acquired in September 2021 for €172M, RPB is specialized in the design and manufacture of respiratory protection equipment. It serves as a core example of the product portfolio enrichment and vertical integration strategy.

HORIZONTAL INTEGRATION

Fenchurch Group (2009)

UK's premier providers of Heating, Ventilation and Air Conditioning (HVAC) services and air filters, it marked GVS' entry into the medical air sector.

Haemotronic (2022)

Acquired in May 2022 for €212M, it manufactures pharmaceutical disposable bags and other medical components, further broadening GVS' portfolio.

COST STRUCTURE

Personnel expenses and raw materials play a crucial role

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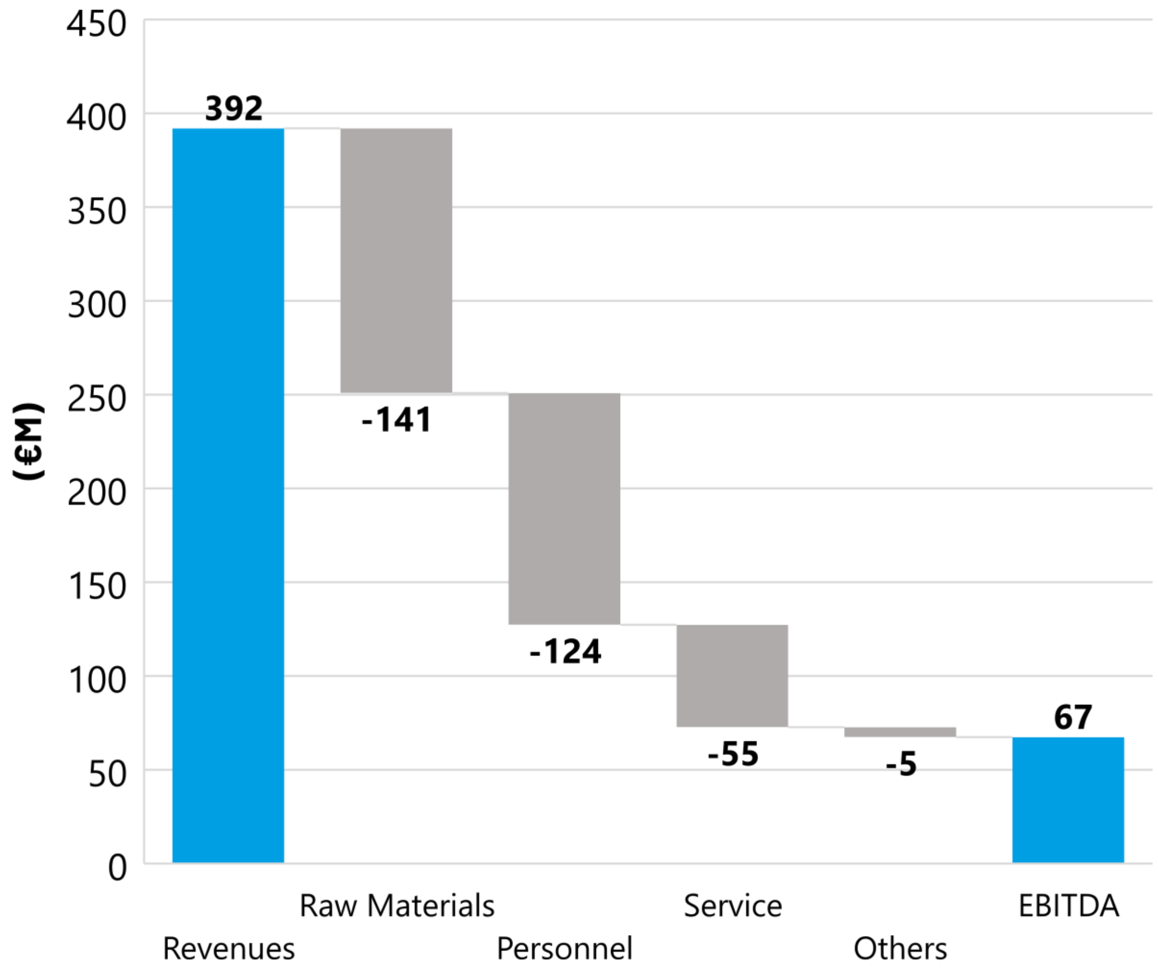
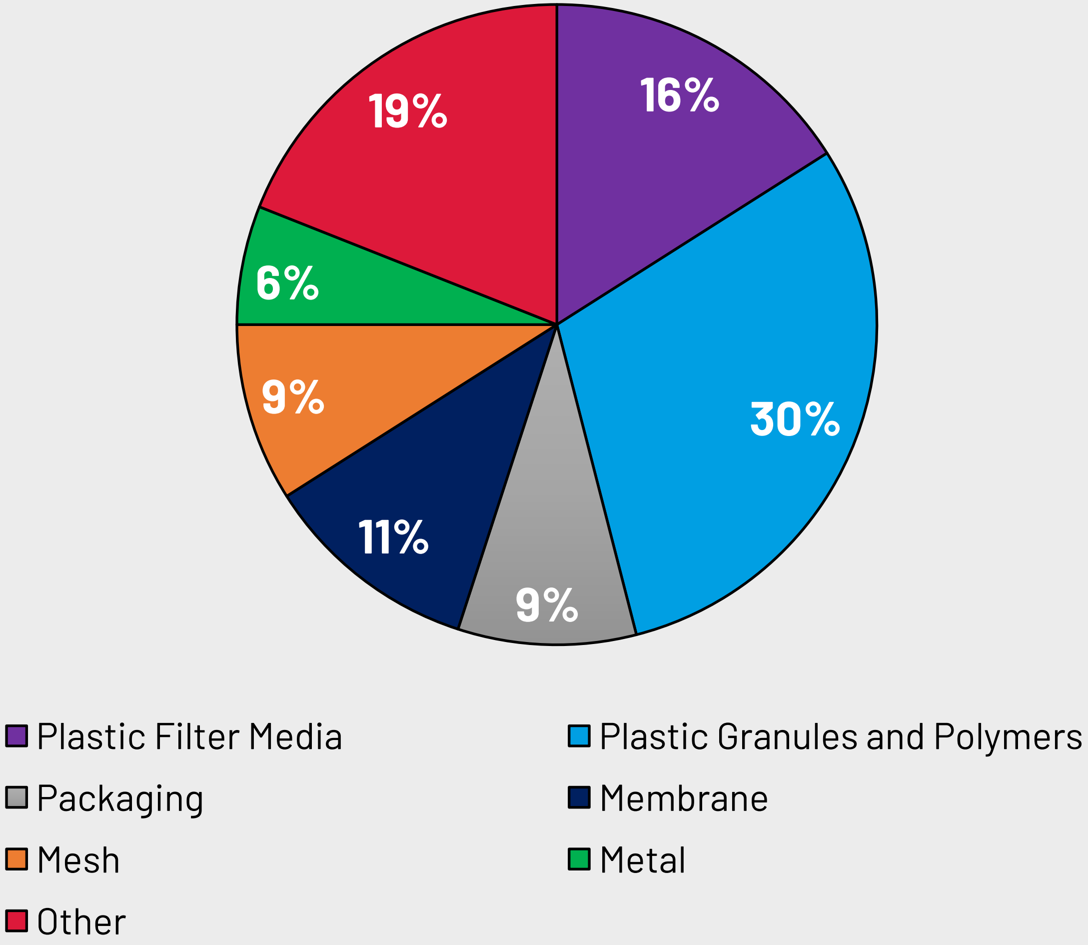
2022 EBITDA BRIDGE



Source: Company data

RAW MATERIALS
(36.43% of Revenues in FY22)



Source: Company data

STRATEGIC COST MANAGEMENT

How to enhance operational efficiency

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GLOCAL APPROACH

The "Glocal" approach reflects **the strong collaboration between GVS**, **as a global manufacturer**, **and local partners**, ensuring substantial transportation costs saving

85% of products are sold directly from their manufacturing locations

VERTICAL INTEGRATION

GVS **optimizes the overall supply chain by vertically integrating companies.**

A core example is the acquisition of Maine Manufacturing in 2012, which allows GVS to produce most of its membranes' needs internally

INVENTORY MANAGEMENT

The acquisition of Raw Materials is planned according to **incoming orders and inventories availability**

Backlog visibility
H&LS: 1/2 months
H&S: 1 month
E&M: 6 months

POWERING THE COMPANY'S GLOBAL PRESENCE

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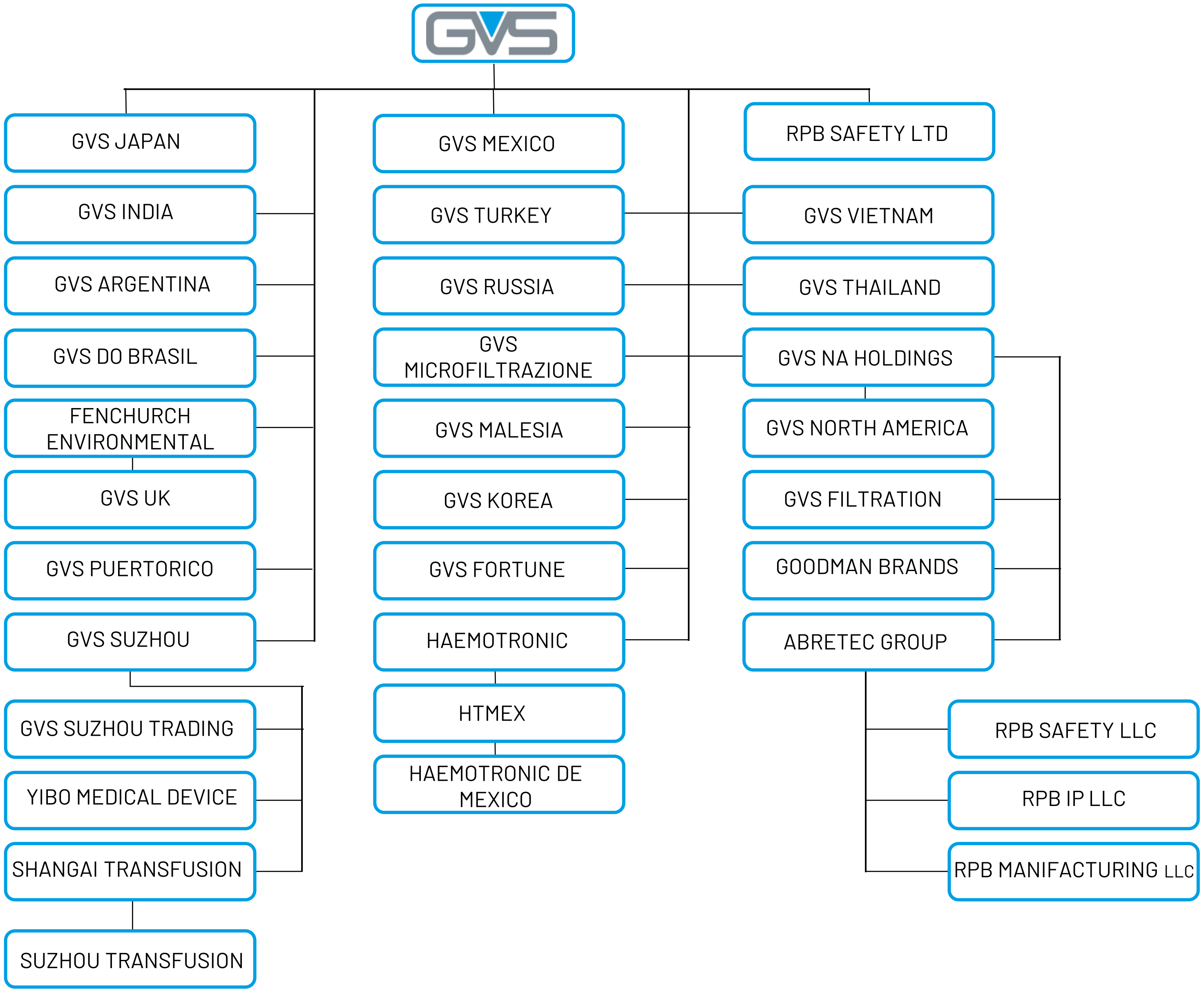
Group structure: the subsidiaries framework



GVS

GVS JAPAN
GVS INDIA
GVS ARGENTINA
GVS DO BRASIL
FENCHURCH ENVIRONMENTAL
GVS UK
GVS PUERTORICO
GVS SUZHOU
GVS SUZHOU TRADING
YIBO MEDICAL DEVICE
SHANGAI TRANSFUSION
SUZHOU TRANSFUSION

GVS MEXICO
GVS TURKEY
GVS RUSSIA
GVS MICROFILTRAZIONE
GVS MALESIA
GVS KOREA
GVS FORTUNE
HAEMOTRONIC
HTMEX
HAEMOTRONIC DE MEXICO

RPB SAFETY LTD
GVS VIETNAM
GVS THAILAND
GVS NA HOLDINGS
GVS NORTH AMERICA
GVS FILTRATION
GOODMAN BRANDS
ABRETEC GROUP
RPB SAFETY LLC
RPB IP LLC
RPB MANIFACTURING LLC

33 Companies

19 manufacturing plants

9 R&D centers

5000+ Employees

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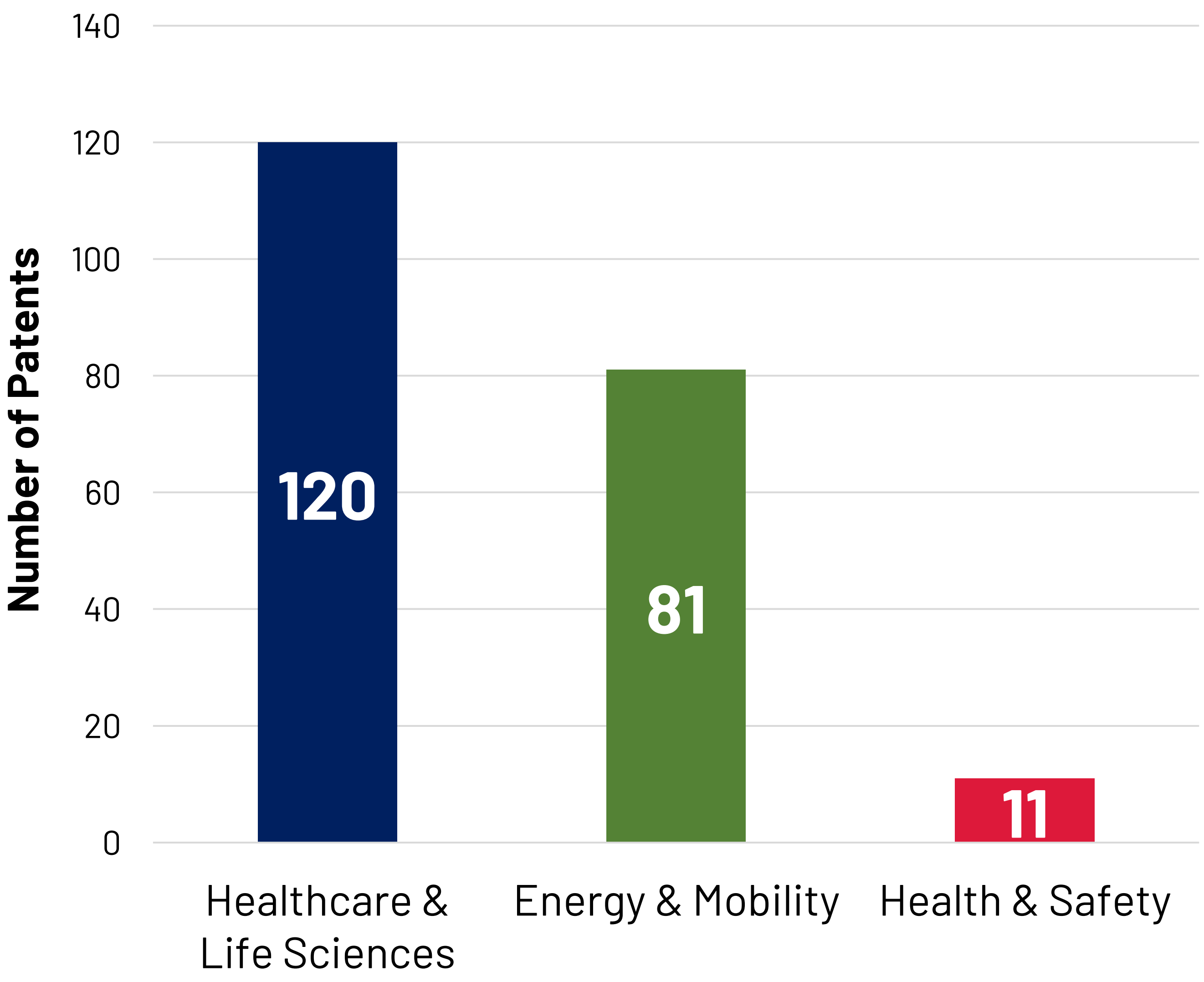
THE VALUE OF INTELLECTUAL PROPERTY

GVS' patents align with industry standards



Source: Espacenet, team estimates

GVS lacks patents that serve as a distinctive factor with respect to competitors. Instead, the Company matches competitors by either developing or acquiring patents.

In terms of content, **Healthcare Liquid stands out as the most protected one** (45%). In contrast, **Personal Safety is waiting for the approval of all its patents**.

212 Patents

124 Active

62 Pending

14 Discontinued

12 Expired

COMPARISON BETWEEN M&A AND R&D

The crucial role of inorganic contributions

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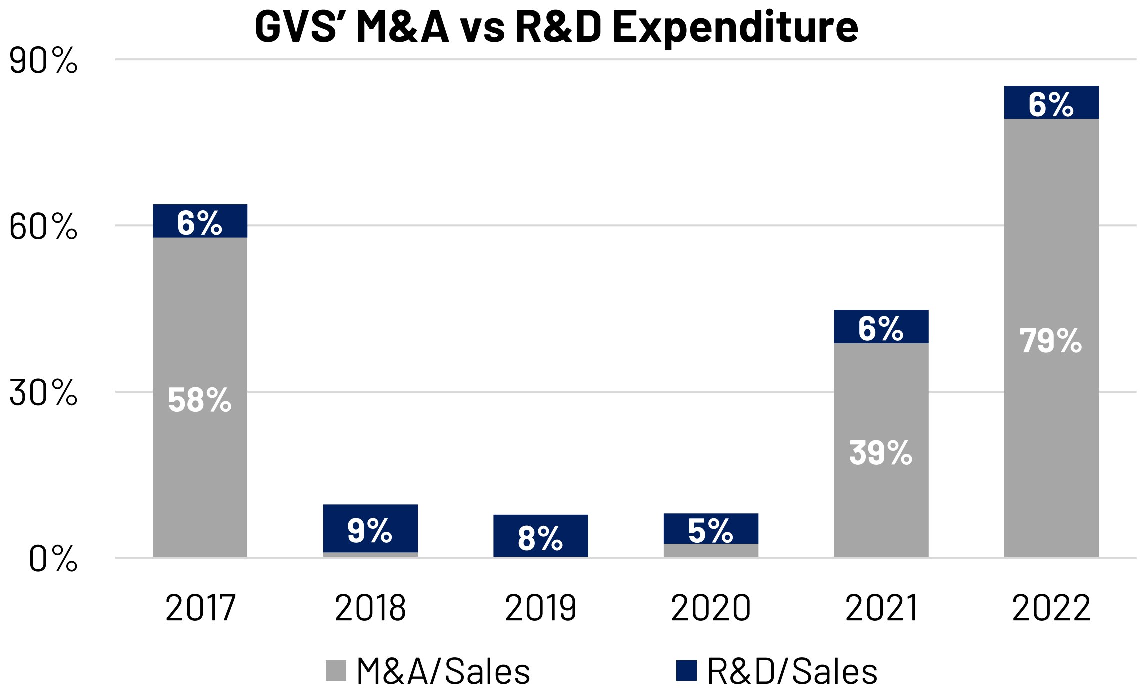
M&A is crucial to exploit

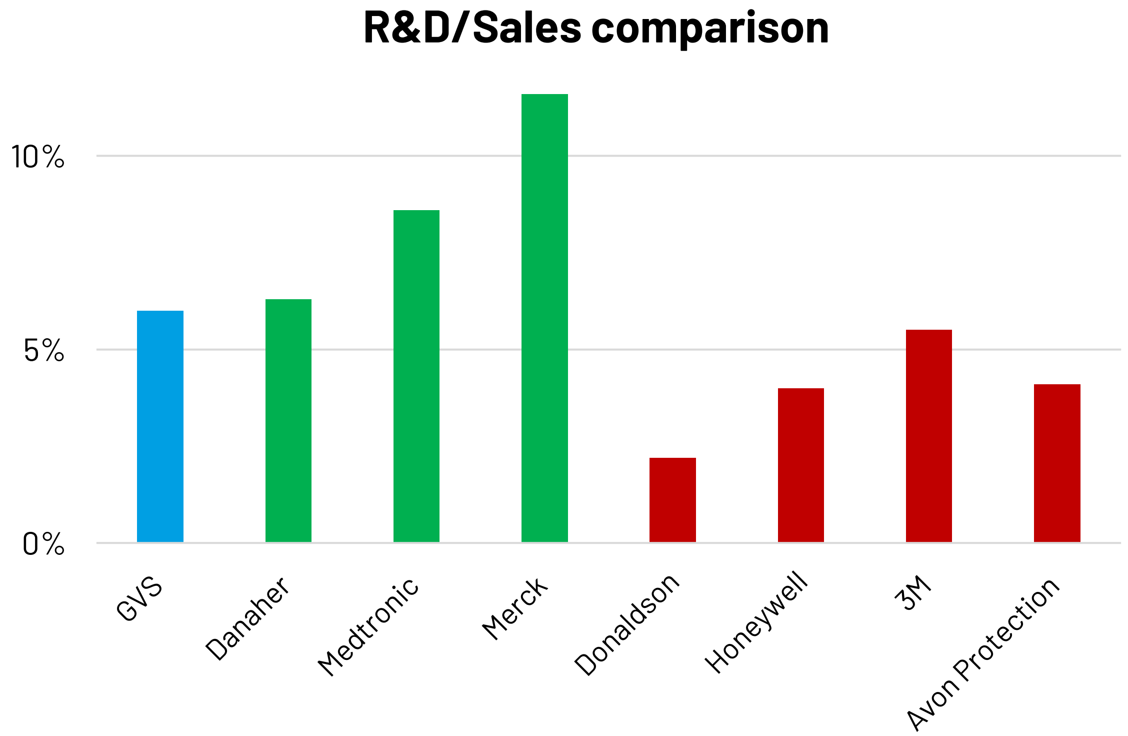
- **revenue synergies** (e.g. cross-selling, geographical expansion, product portfolio enrichment)
- **cost synergies** (e.g. workforce reorganization, plant optimization, insourcing)



GVS' M&A vs R&D Expenditure

Source: Company data, team estimates

- **GVS** current level of R&D/Sales is positioned **between MedTech** and **Industrial** companies
- **R&D doesn't fit with GVS** business model because of the **long times for product development**



R&D/Sales comparison

Source: Company data, team estimates

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SWOT ANALYSIS

A balance of positive and negative

STRENGTHS

- Diversified end-markets
- *Glocal* structure
- Vertically integrated production process
- Exposure to Healthcare-related segments

WEAKNESSES

- Limited size
- Reliance on key management figures
- Automotive industry shift to E-Mobility
- Barriers to B2C expansion

OPPORTUNITIES

- MedTech Transition
- Stricter regulation on workplace safety
- Penetration in adjacent niches through M&A

THREATS

- Full integration of acquired companies
- Technological lag behind peers
- Spread of cheaper products

INDUSTRY PROPRIETARY MODEL

Our future projections

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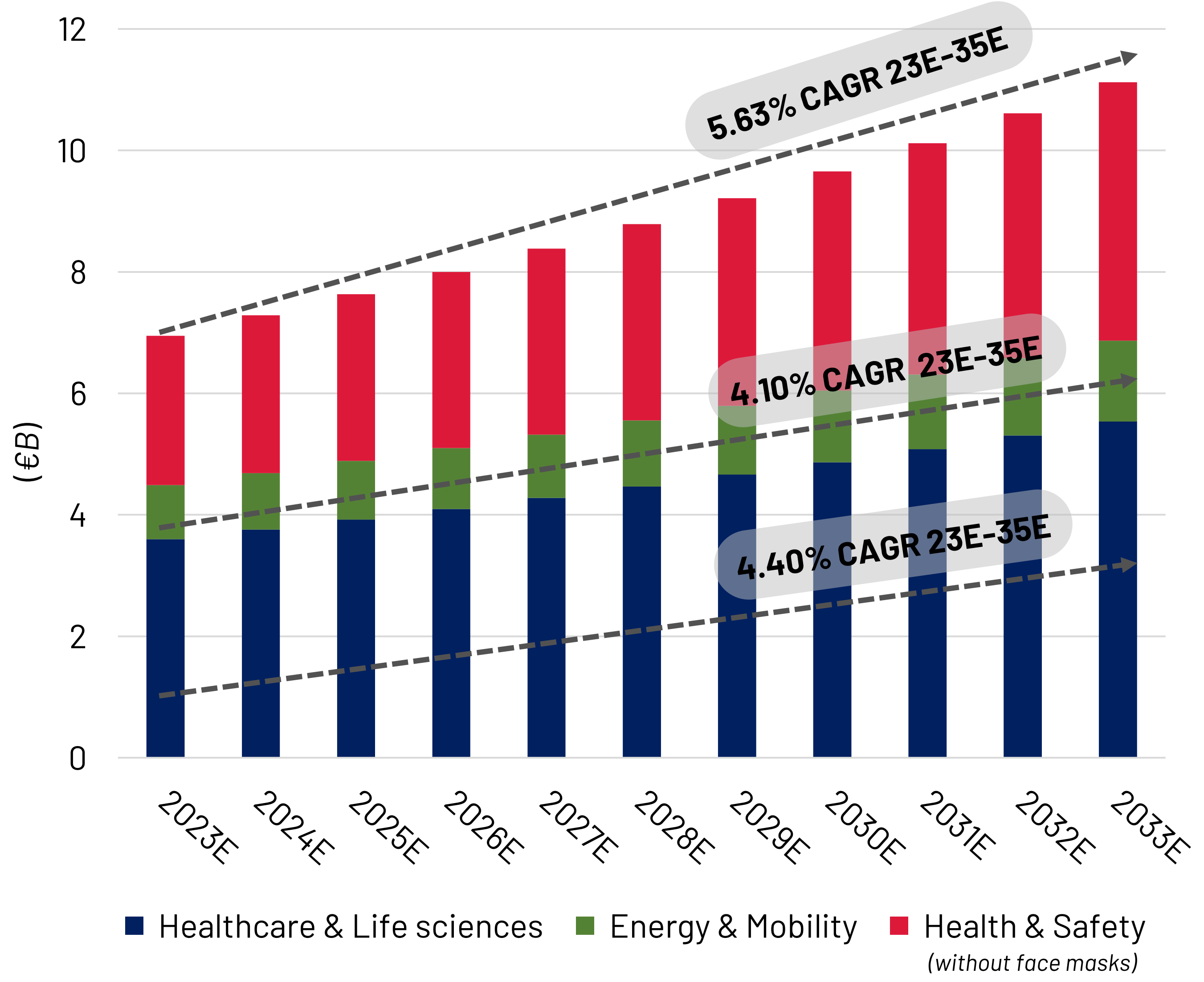
Market	Size
Healthcare & Life Sciences Filtration Market	€3.43B
Energy & Mobility Filtration Market	€0.88B
Health & Safety Filtration Market	€2.04B



To assess the growth profile of the Global Filtration Market, we create our **Industry Proprietary Model**

Starting from a set of drivers for each end-market, we assess the future performance

Source: team estimates

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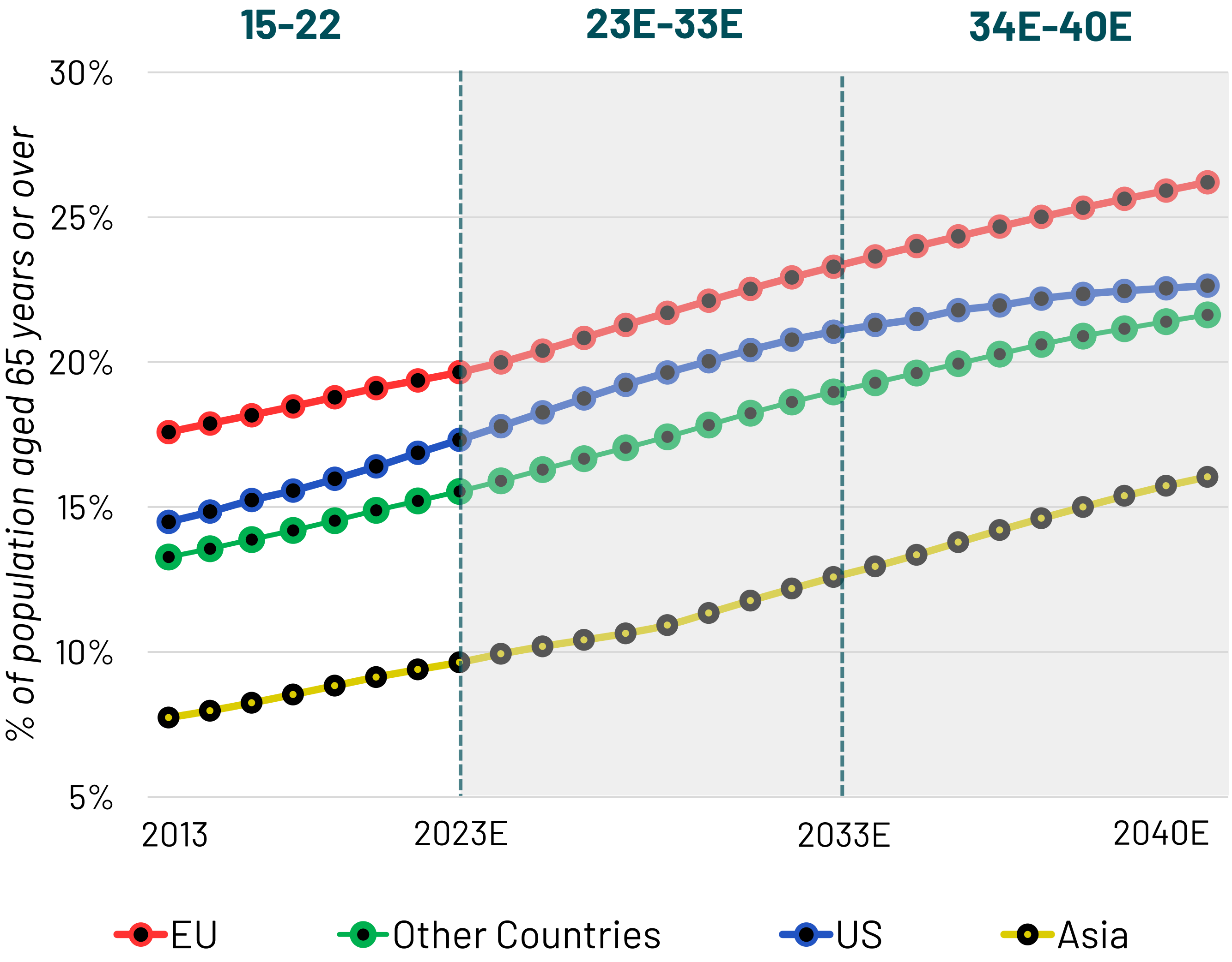
INDUSTRY DRIVERS...

Healthcare & Life Sciences



Source: Statista, team estimates

...Ageing population and chronic diseases

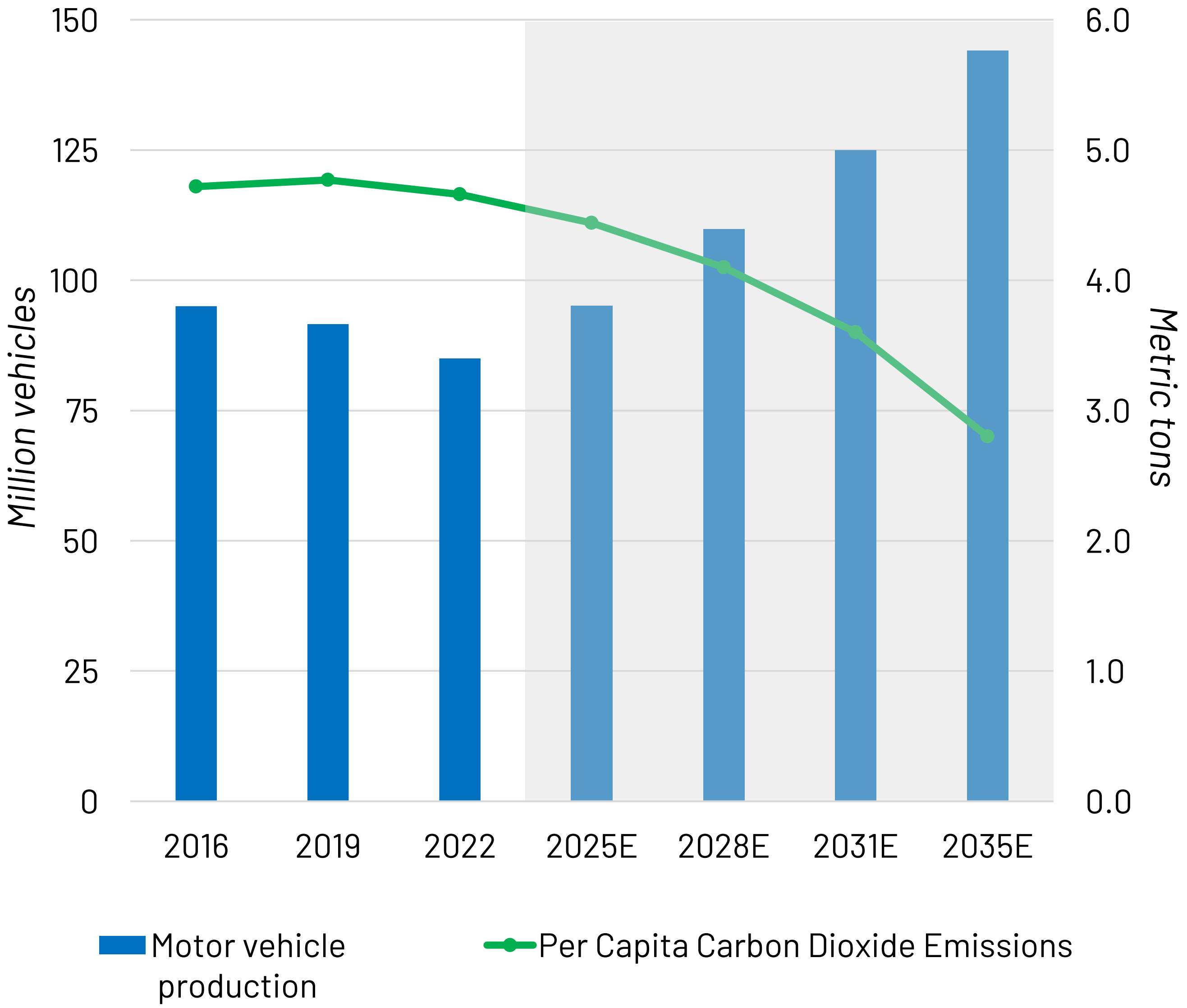
Expected population of 9 billions in 15 years will be characterized by

...increasing seniors' incidence from 12.50% in 2022 to 21.27% in 2050, which will lead to...

...increasing number of individuals affected by chronic diseases from 20.24% in 2022 to 33.85% by 2050

INDUSTRY DRIVERS...

Energy & Mobility



Source: Statista, team estimates

...Vehicles and CO2 Regulations

Production declined from 92M vehicles in 2019 to 85M in 2022 mostly due to the recent negative economic shocks

We expect **volumes to be restored to pre-Pandemic levels by 2025**

Net-zero emission goal
(to reduce sales of combustion engine vehicles by 2035) will **decrease demand for combustion engine filters** and **increase demand for EV filters**

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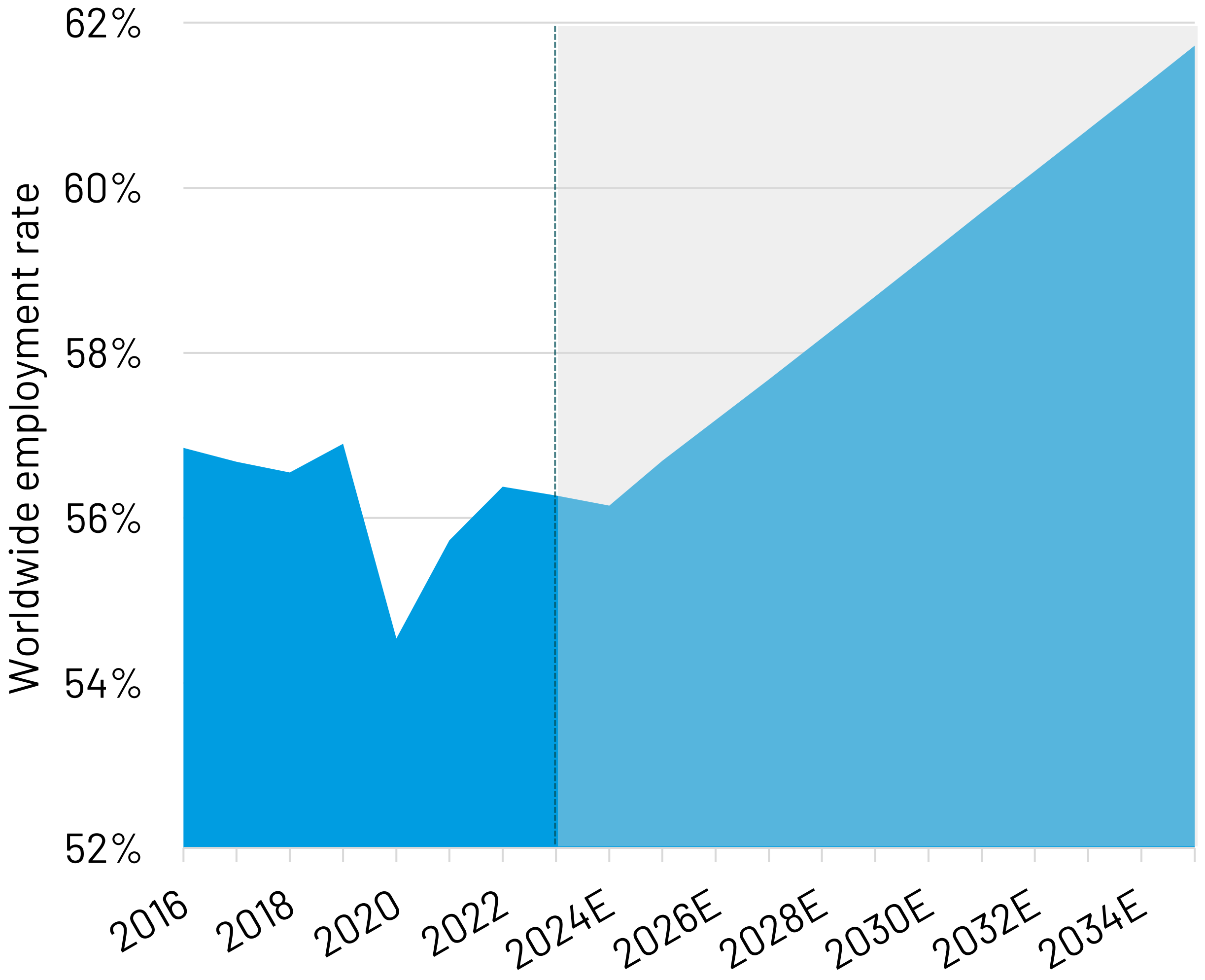
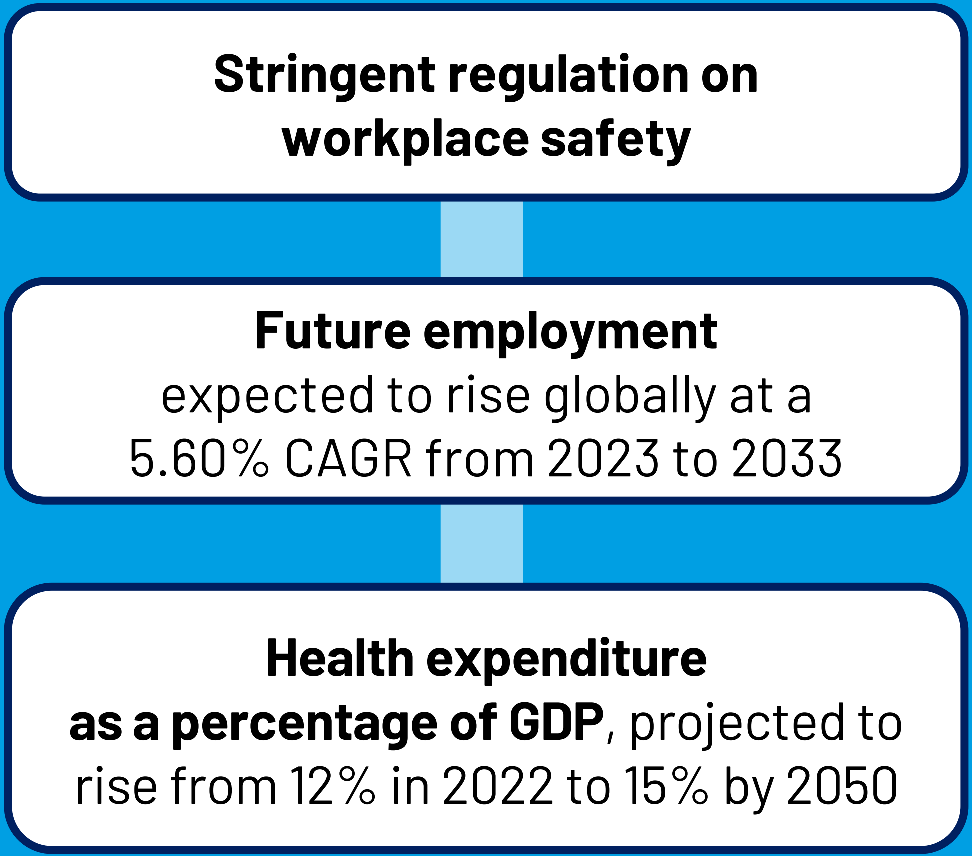
INDUSTRY DRIVERS...

Health & Safety



Source: Statista, team estimates

...Workplace Safety standards



Stringent regulation on workplace safety

Future employment expected to rise globally at a 5.60% CAGR from 2023 to 2033

Health expenditure as a percentage of GDP, projected to rise from 12% in 2022 to 15% by 2050

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E-MOBILITY RESHAPES THE INDUSTRY

A negative balance for GVS

In the Energy & Mobility division, the company trajectory is shaped by **lower growth rates** than the industry ones.

	23E-25E	26E-30E	31E-35E
GVS	**4.02%**	**3.33%**	**2.55%**
Industry	**4.82%**	**4.18%**	**2.88%**

Source: team estimates

E-MOBILITY CHALLENGE

1. **Electric vehicles need a lower amount of filters** with respect to combustion engines...

2. ...however, they require more **advanced technologies with higher prices**

Negative balance for GVS due to

A low pricing power
within the Energy & Mobility division

This challenge, together with the **more profitable opportunities** arising in Healthcare and Safety, **explain the decreasing role of E&M division**

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FOCUS ON CHINESE MARKET

A profitable market for GVS

Notable escalation in the Chinese medical technology market
(from €20.4B in FY17 to €30.6B in FY22)

GVS' further expanded in China with STT
(acquired in December 2021 for €55M)

STT
(SHANGAI TRANSFUSION TECHNOLOGY)

1 A €9M earn-out is linked to the commercialization of a novel product—**sterile prefilled syringes**— into the market, for which **GVS has been granted an exclusive certification by the Chinese government**

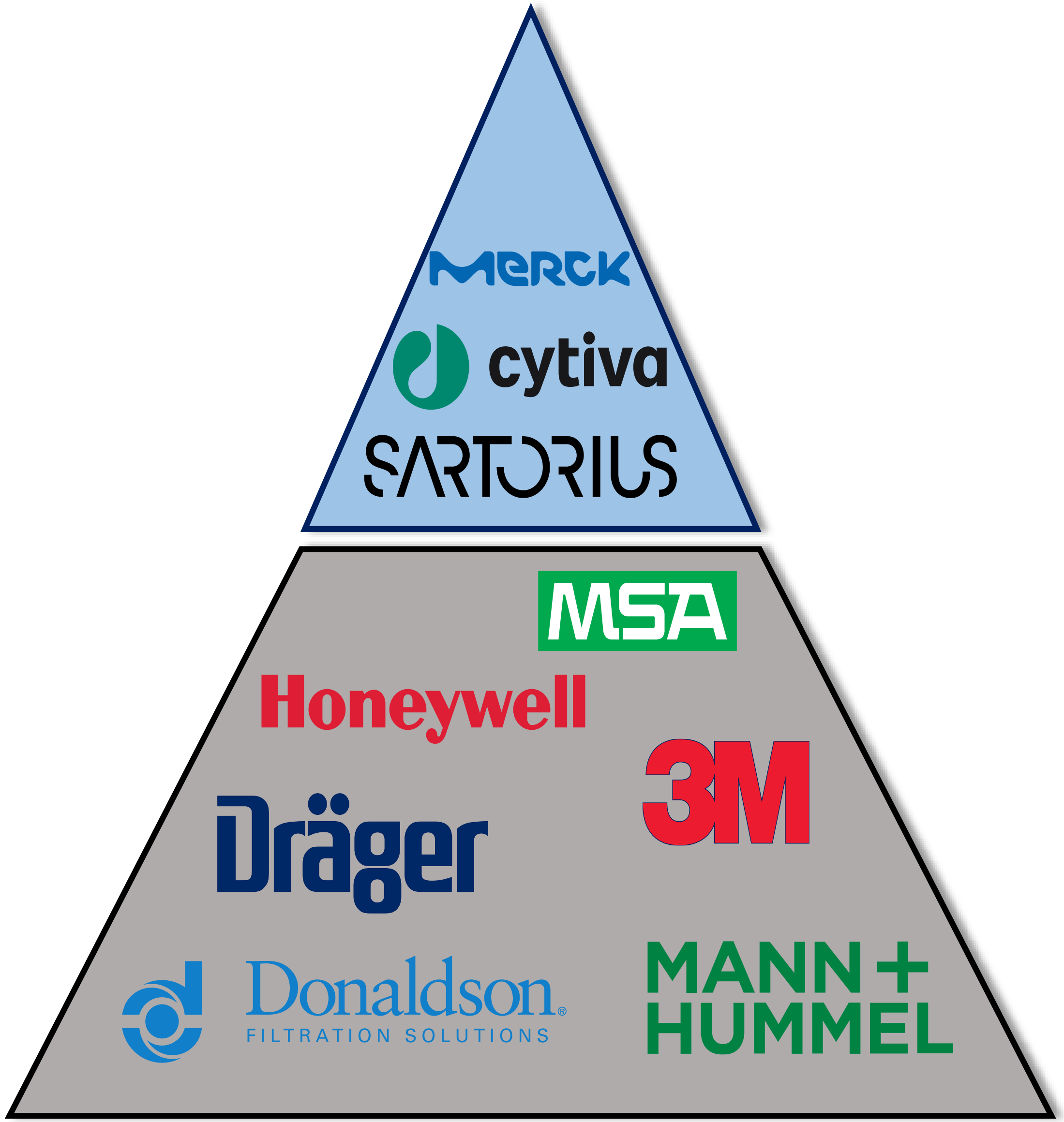
2 GVS is able in China to **reach directly hospitals**, increasing marginality through the **profitable B2C channel**

What about the risk related to the Chinese government?

The Chinese market operates under **significant control and strict regulation**. However, we are confident about **GVS' consolidated position** in the market, sustained by its **strategy of selling products under the STT brand**

COMPETITIVE ARENA

A real battlefield



MEDTECH COMPANIES (Healthcare)

Avg. MKT CAP €64B

Few global players boast an **established presence** in all geographies and offer a **broad product portfolio** ranging from filters to **electronic machinery for medical use**.

INDUSTRIAL COMPANIES (Mobility and Safety)

Avg. MKT CAP €36B

The market is **fragmented and highly competitive**, impeding GVS to emerge through both products offering and pricing strategies.

Source: Company information

Index

THE COMPETITIVE POSITIONING

GVS is not always well positioned to ride the Industry's positive trends

HEALTHCARE & LIFE SCIENCES

- **Tough competition** against industry giants
- **Limits in the expansion towards B2C**
- **Lack of differentiation and competitive pricing** in Healthcare Liquid and Air & Gas
- **Low pricing power** in Laboratory & Membranes

ENERGY & MOBILITY

In the Mobility division, GVS suffers from:

- **Tough competition and low pricing power**
- **Lack of differentiation**

HEALTH & SAFETY

In this division, instead, GVS is **well-positioned** to address the rising demand thanks to:

- **Top-notch product offering**
- **RPB Recent Acquisition**

Source: Team estimates

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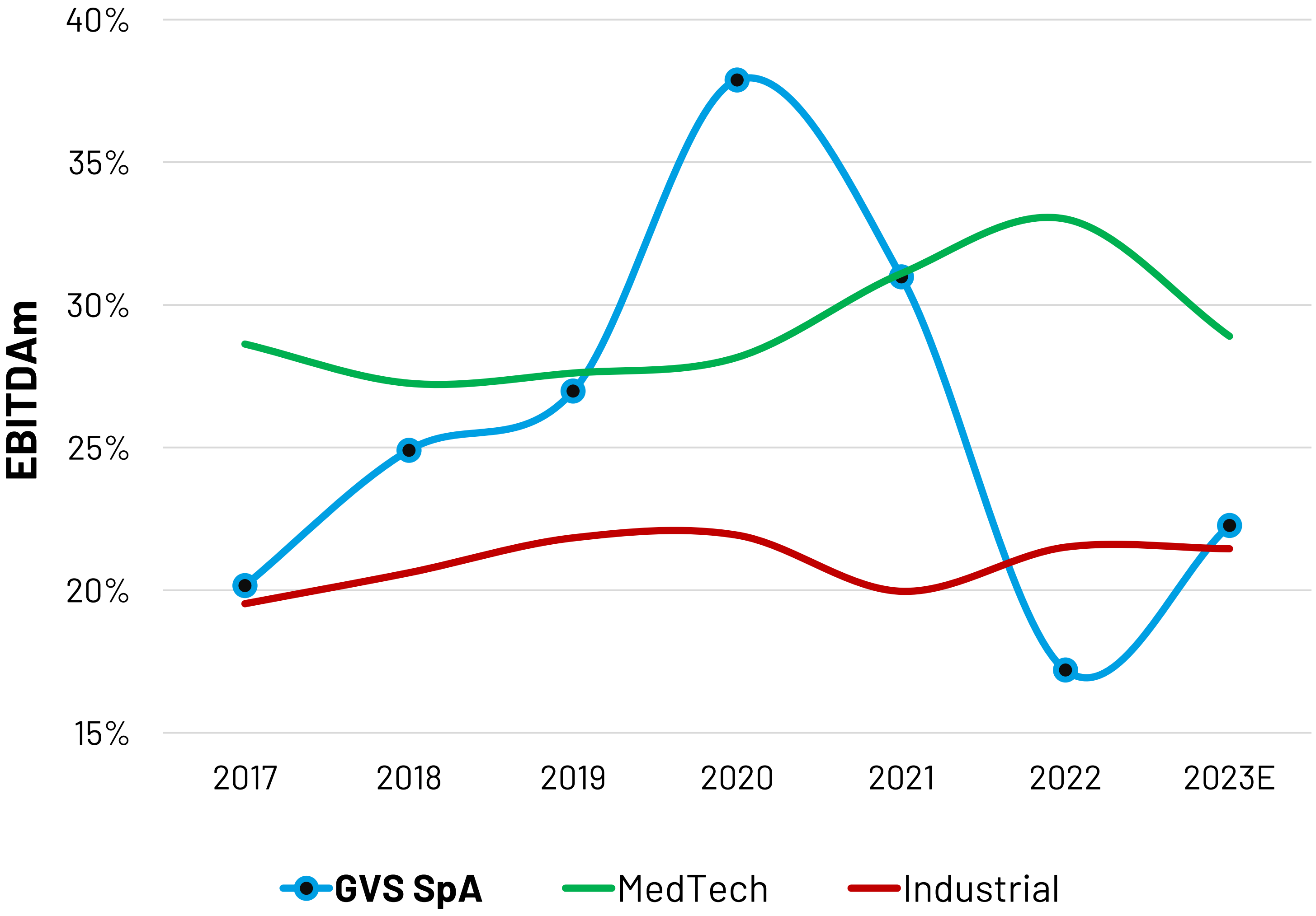
COMPETITORS' PROFITABILITY COMPARISON

In line with Industrial peers but still below MedTech companies



Source: Refinitiv, Team estimates

In terms of margins, **GVS aligns with its industrial peers**, standing at 22.27% EBITDAm in FY23E compared to the industry average of 21.50%. However, **it still lags significantly behind the MedTech sector to which GVS aspires to converge** (MedTech average EBITDAm 29.5%in FY23E).

MedTech companies

Merck
Danaher
Sartorius
Medtronic

Industrial companies

Honeywell
Donaldson FILTRATION SOLUTIONS
Parker
3M
MSA
FILTERTEK

COMPETITORS' PROFITABILITY COMPARISON

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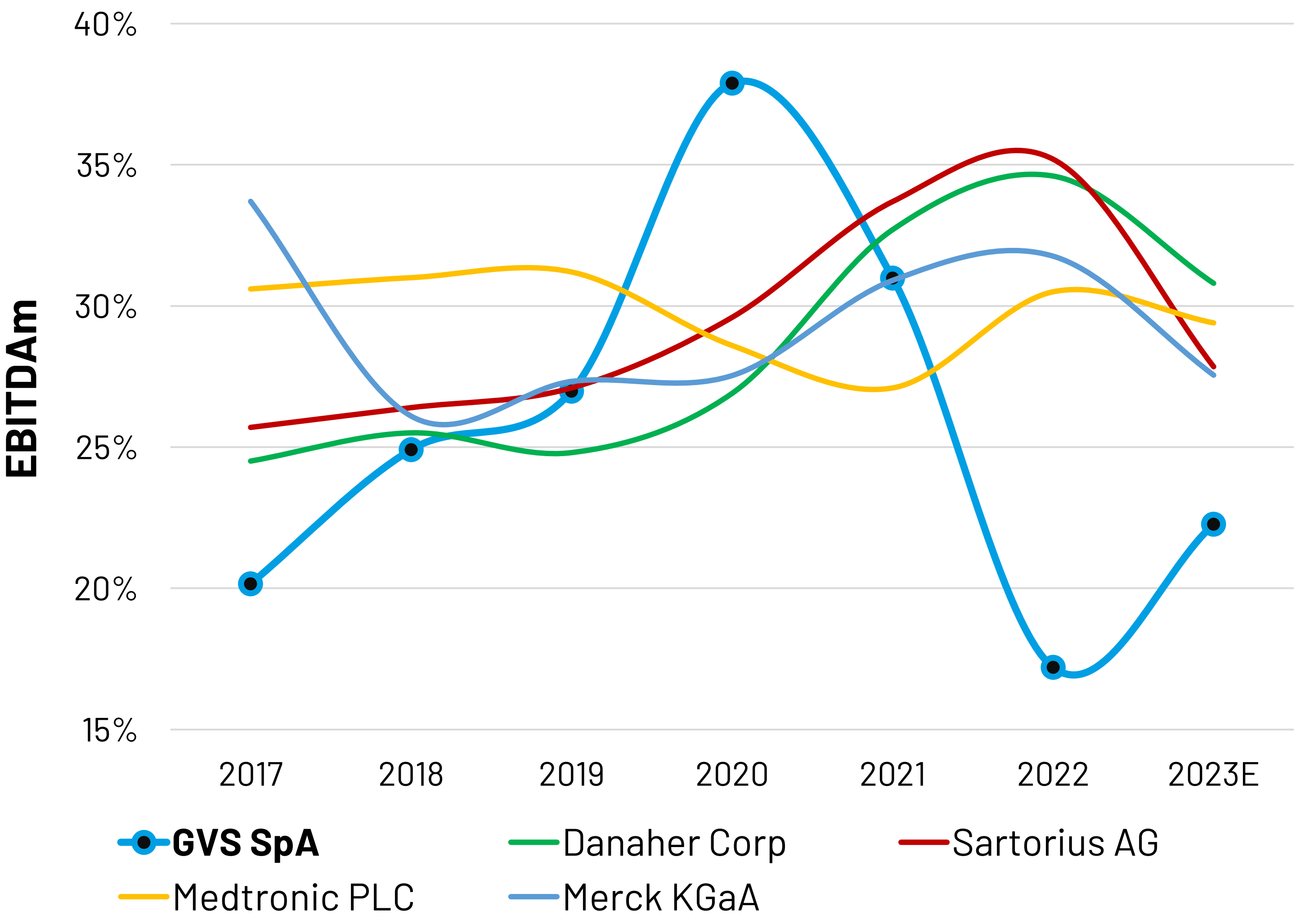

Source: Refinitiv, Team estimates

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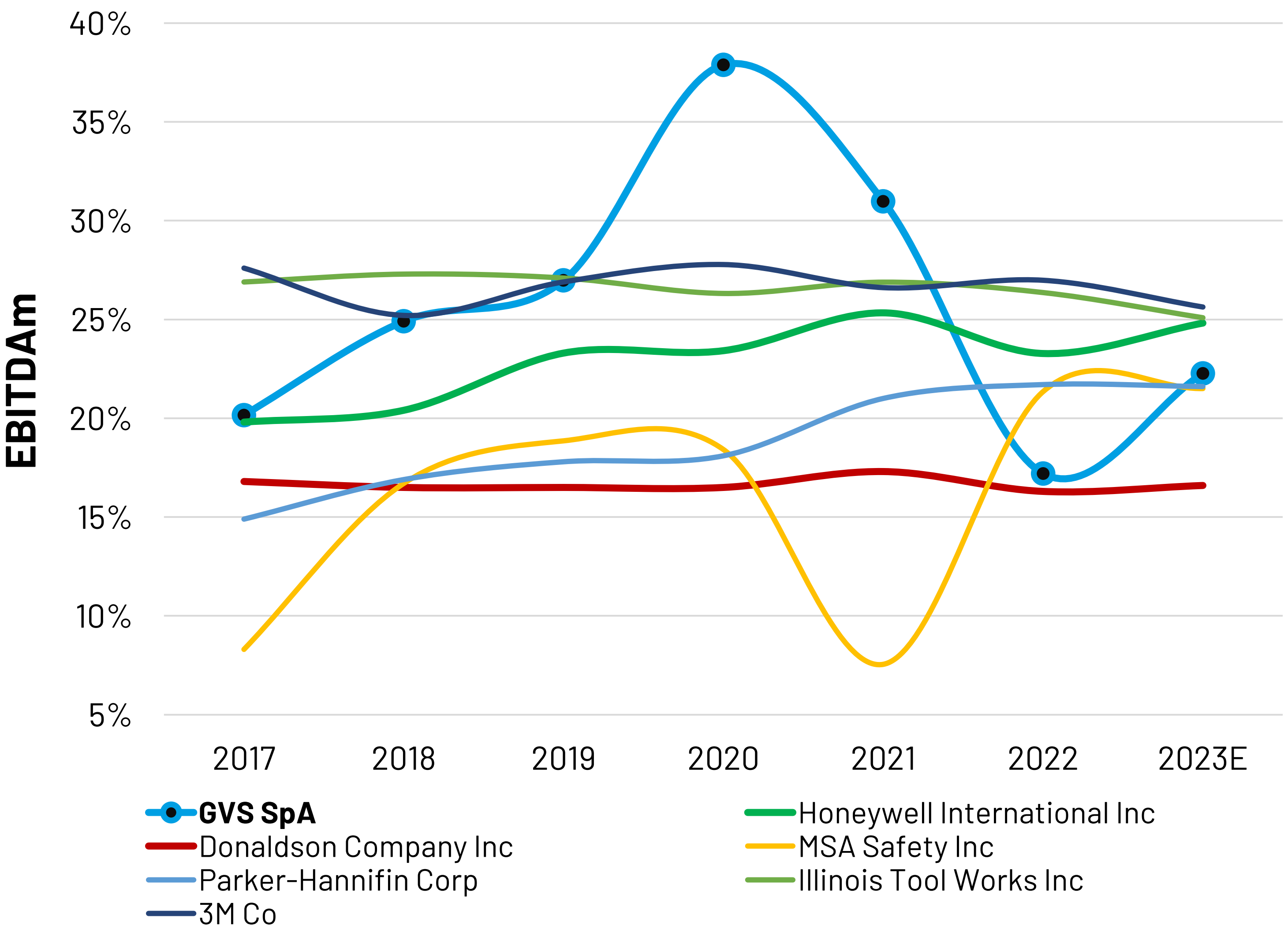

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Honeywell
Donaldson FILTRATION SOLUTIONS
Parker
3M
MSA
FILTERTEK

FINANCIAL METRICS COMPARISON

Clustering different peers

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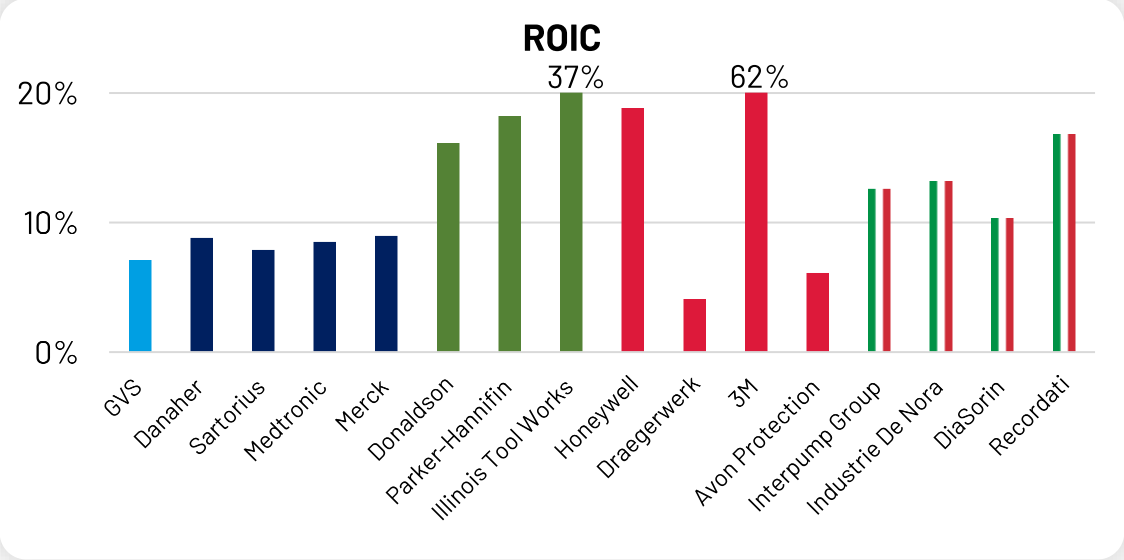

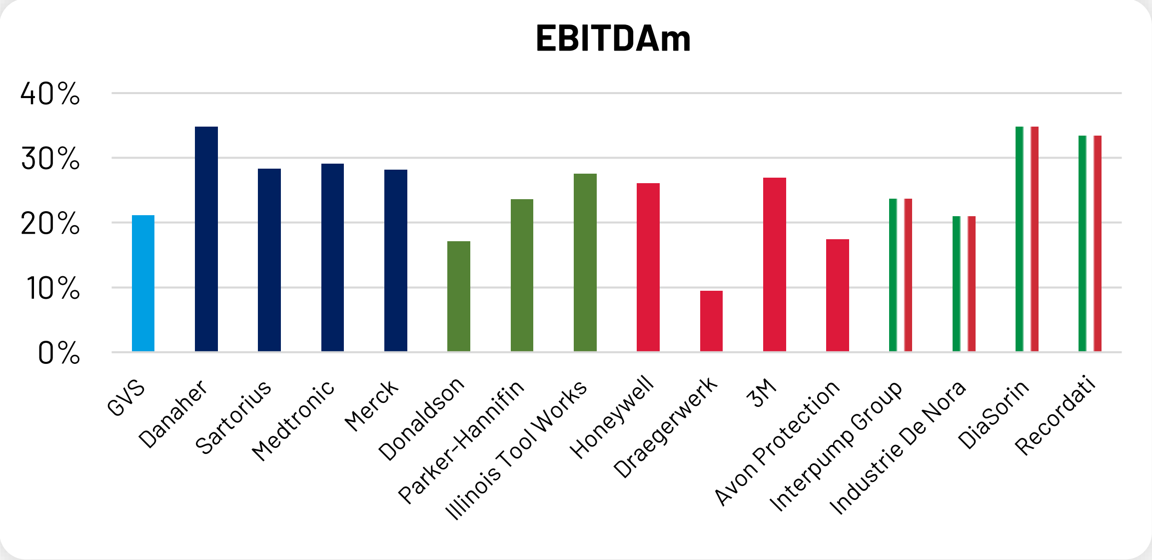

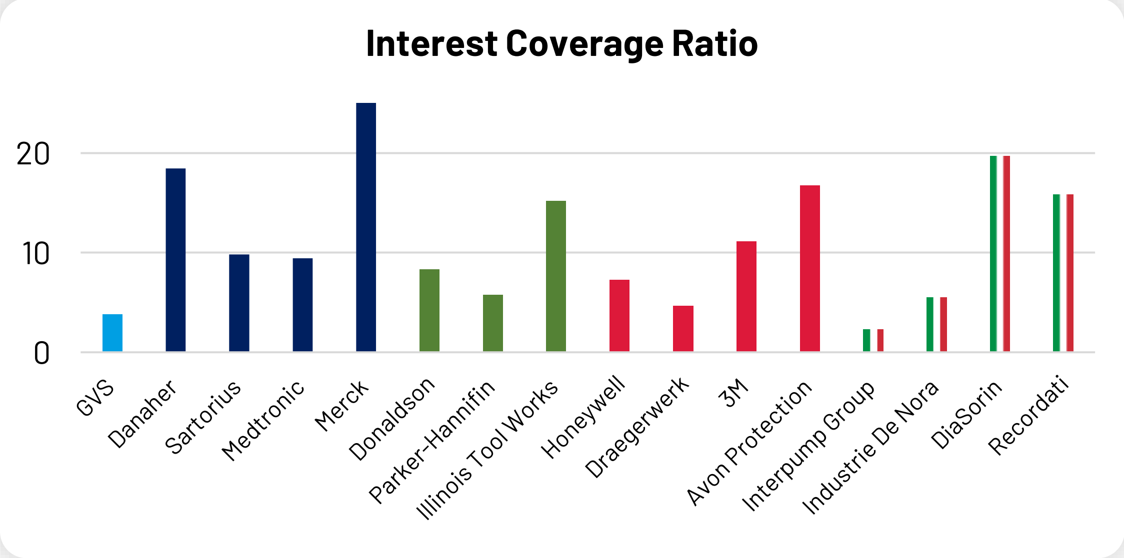

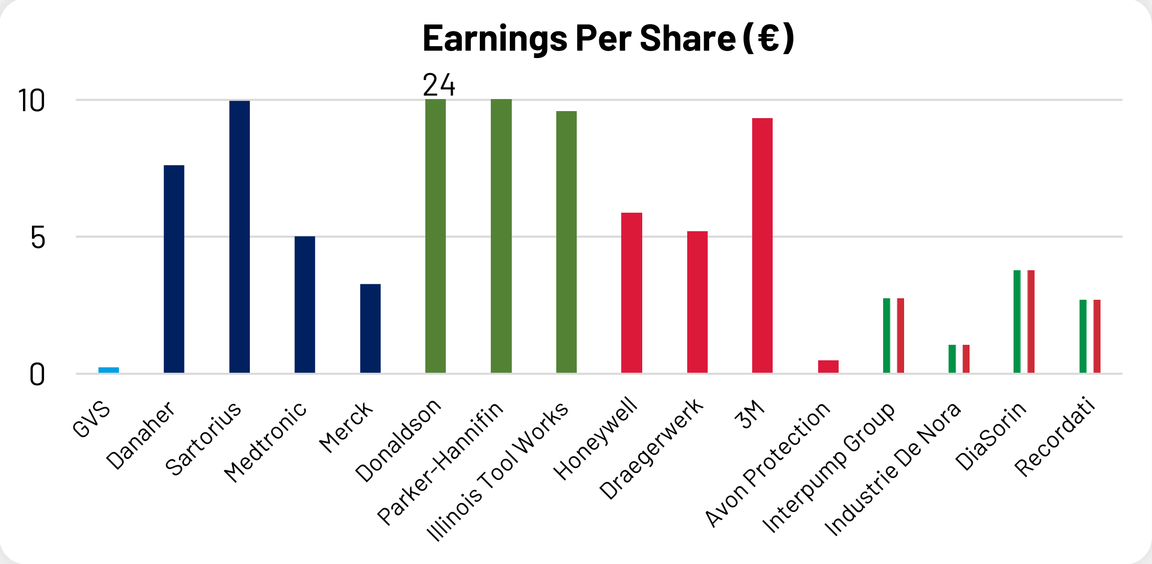

FINANCIAL METRICS COMPARISON

Clustering different peers

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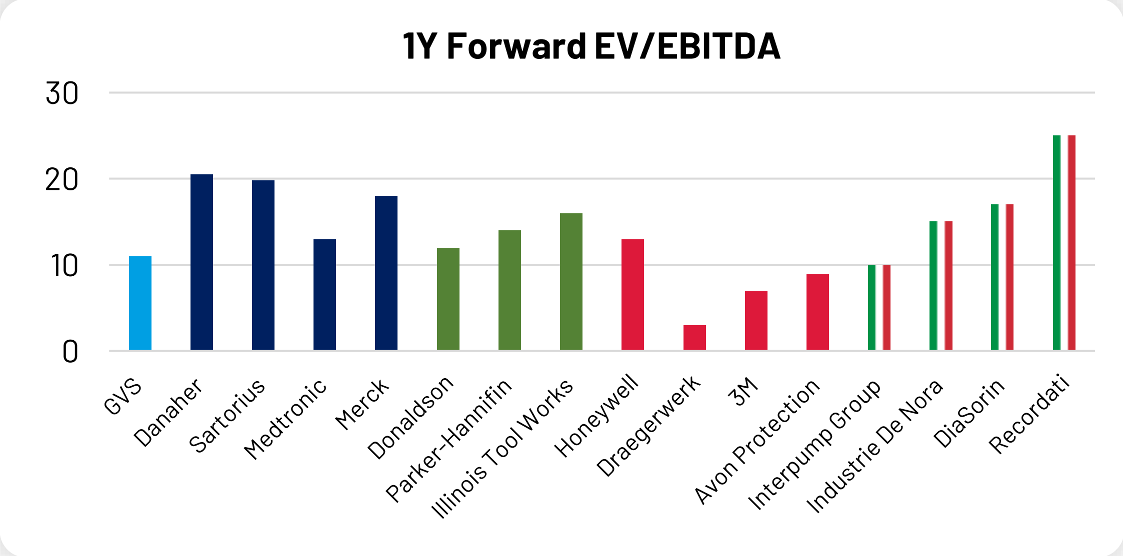

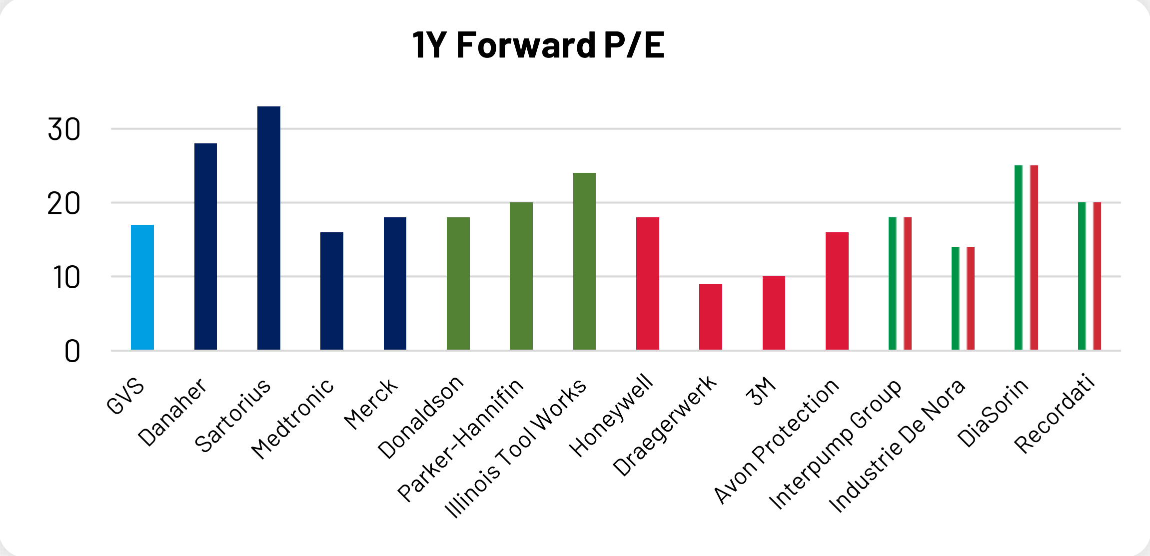

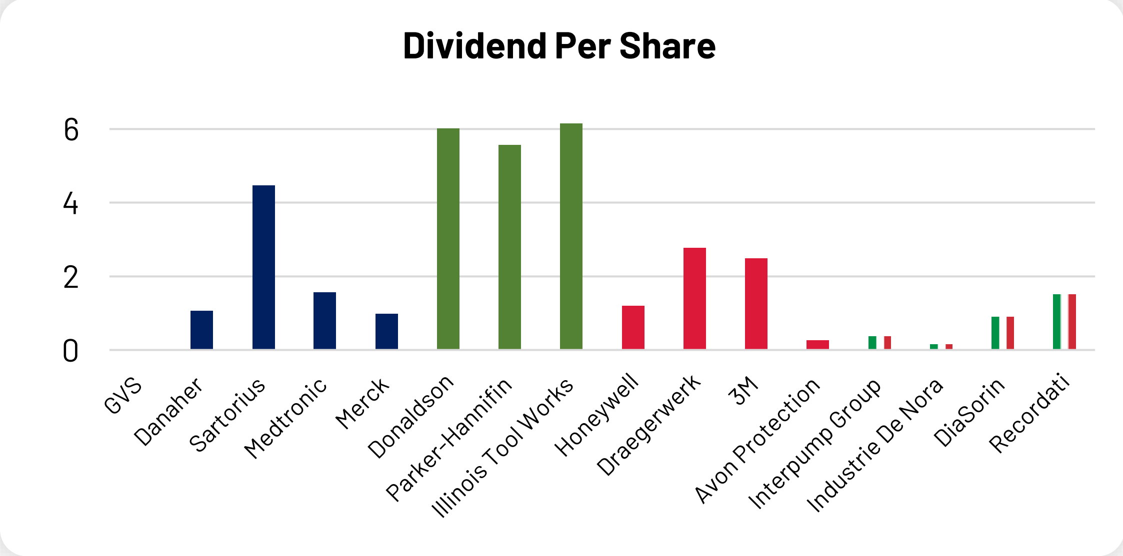

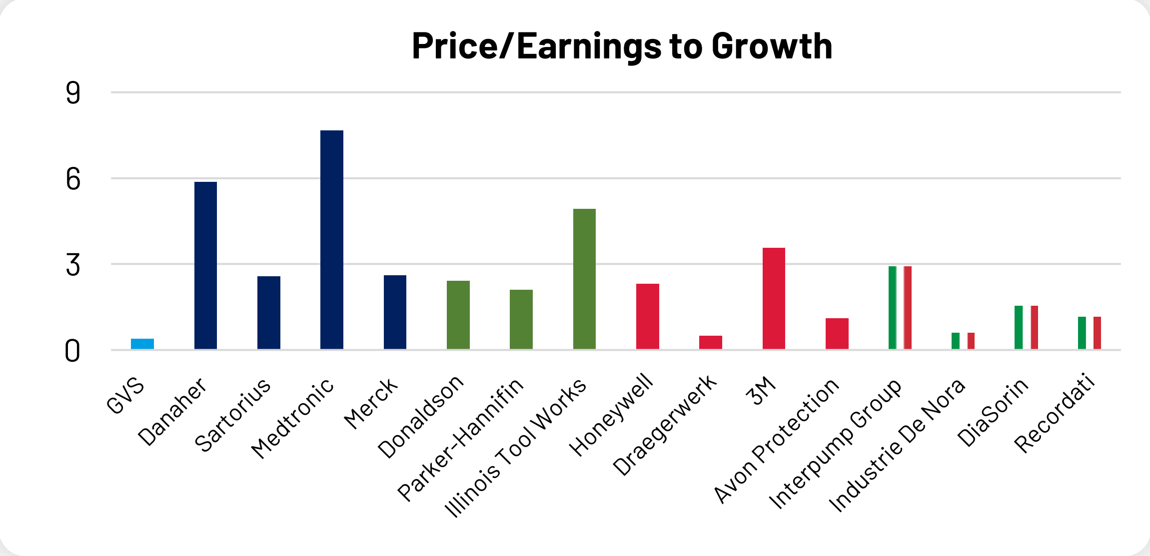

FINANCIAL METRICS COMPARISON

Clustering different peers

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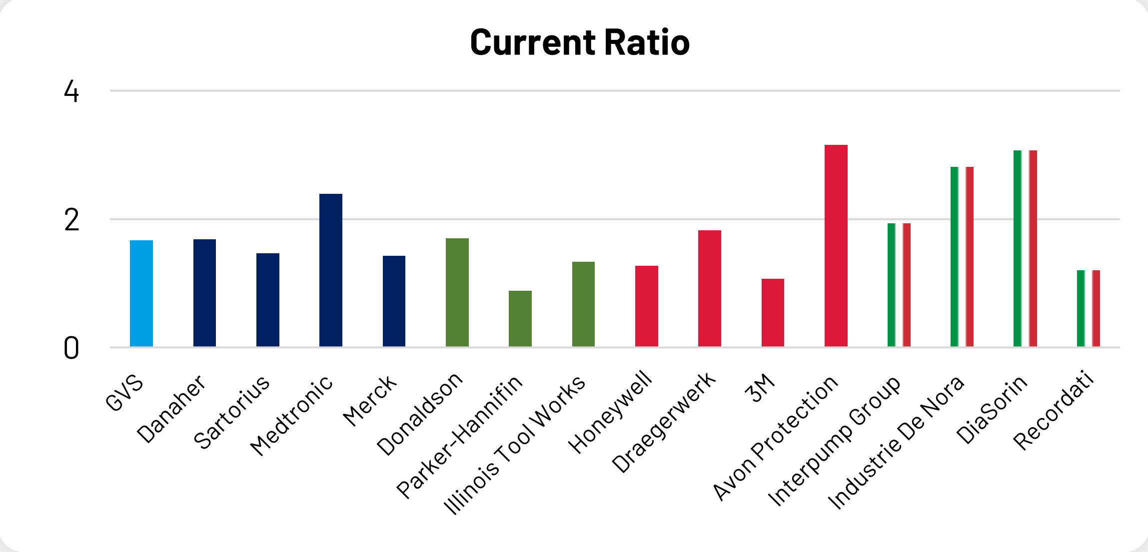

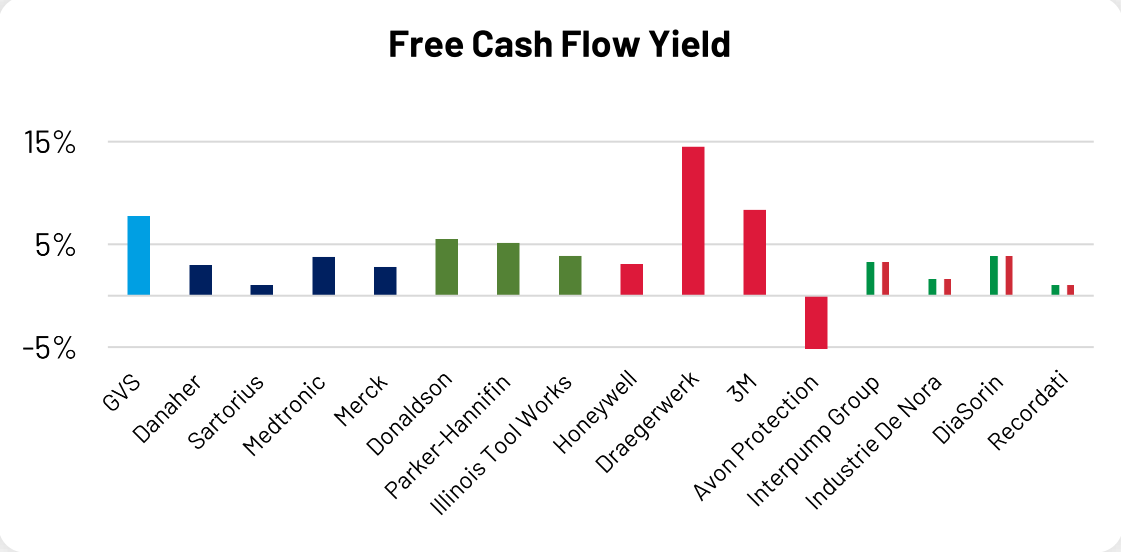

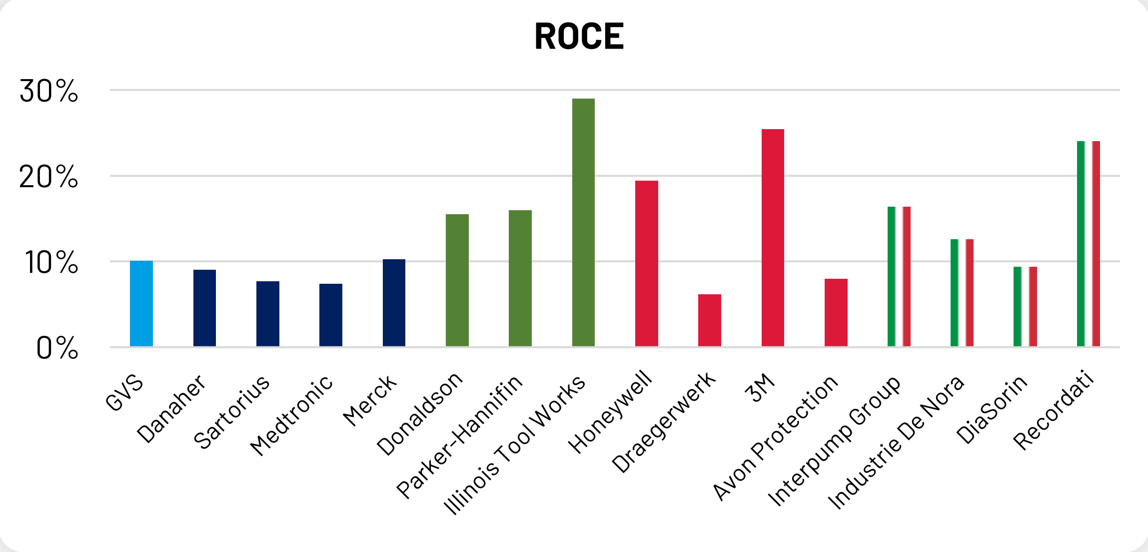

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COMPETITORS' PRODUCT PORTFOLIO

GVS faces competitors that go much more beyond filtration

Filtration Products

Cell Analysis

SARTORIUS

Fluid Management

cytiva

Electrosurgery Hardware

Medtronic

Firefighting Protection

Dräger

Portable Gas Detection

MSA

Brake Dust Particle Device

MANN+
HUMMEL

Index

PRODUCTS PRICE COMPARISON

Healthcare & Life Sciences: lower prices to compete against industry giants

End-Market	Product	Peer	Price	
			GVS	**PEER**
Healthcare Liquid	Speedflow 	cytiva	€3.00	€6.80
Healthcare Air & Gas	HMEF filters 	INTERSURGICAL® COMPLETE RESPIRATORY SYSTEMS	€1.10	€1.20
Laboratory & Membranes	Syringe filters 	MERCK	€0.90	€3.10
Laboratory & Membranes	Filtration Membranes 	SARTORIUS	€0.50	€1.60

Source: Team estimates

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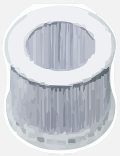
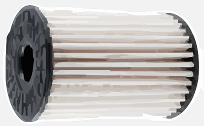
PRODUCTS PRICE COMPARISON

Energy & Mobility: low degree of pricing power

End-Market	Product	Peer	Price	
			GVS	PEER
Powertrain & Drivetrain	Fuel tank filter 	MANN+HUMMEL	€6.00	€7.50
Safety & Electronics	ABS Filter 	Donaldson. FILTRATION SOLUTIONS	€0.40	€0.50
Sports & Utility	Oil Filter 	MANN+HUMMEL	€8.20	€9.20

Source: Team estimates

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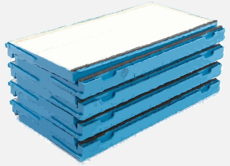
PRODUCTS PRICE COMPARISON

Health & Safety: a pricing strategy to increase the market share

End-Market	Product	Peer	Price	
			GVS	PEER
Personal Safety	PAPR 	Dräger	€1444	€1525
Personal Safety	Elipse Mask 	3M	€43	€70
Air Safety	HVAC Panel 	MANN+HUMMEL	€3.04	€4.00

Source: Team estimates

PORTER'S FIVE FORCES ANALYSIS

Diving into the Market structure

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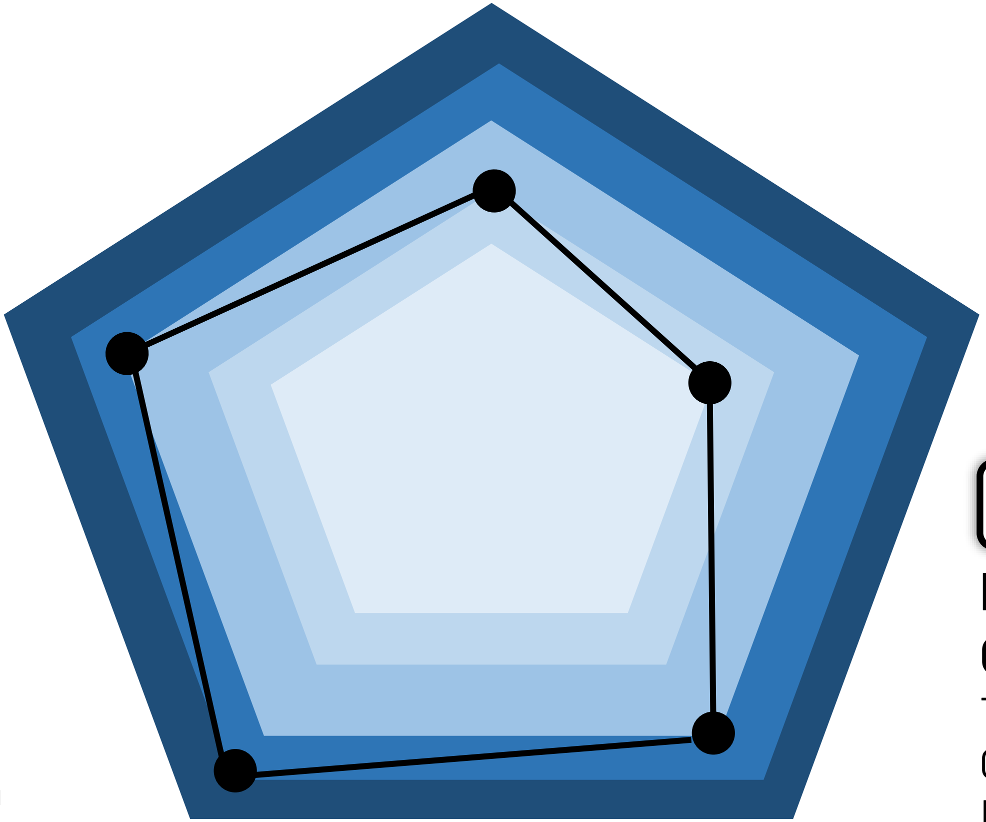

THREAT OF NEW ENTRANTS

2/5

The Global Filtration Market is protected by **high barriers to entry**: patent, know how, technological innovation and regulatory requirements such as quality certifications. Moreover, GVS leverages on long lasting relationship with clients.

2/5

THREAT OF SUBSTITUTES

Competition is mainly driven by prices. Despite its modest size, GVS is able to present a competitive pricing offering.

1/5

BARGAINING POWER OF SUPPLIERS

Supplier concentration is low: the Group's main supplier represents 4% of the costs for raw materials and services

4/5

INTERNAL RIVALRY

1. Competitors offer shows a limited degree of differentiation
2. GVS compete with giant players

3/5

BARGAINING POWER OF BUYERS

The customer base is :
Quite wide and diversified in H&LS ;
Little diversified in H&S;
Entirely concentrated in E&M.

REVENUES BREAKDOWN BY GEOGRAPHY

Mapping the income sources for the future

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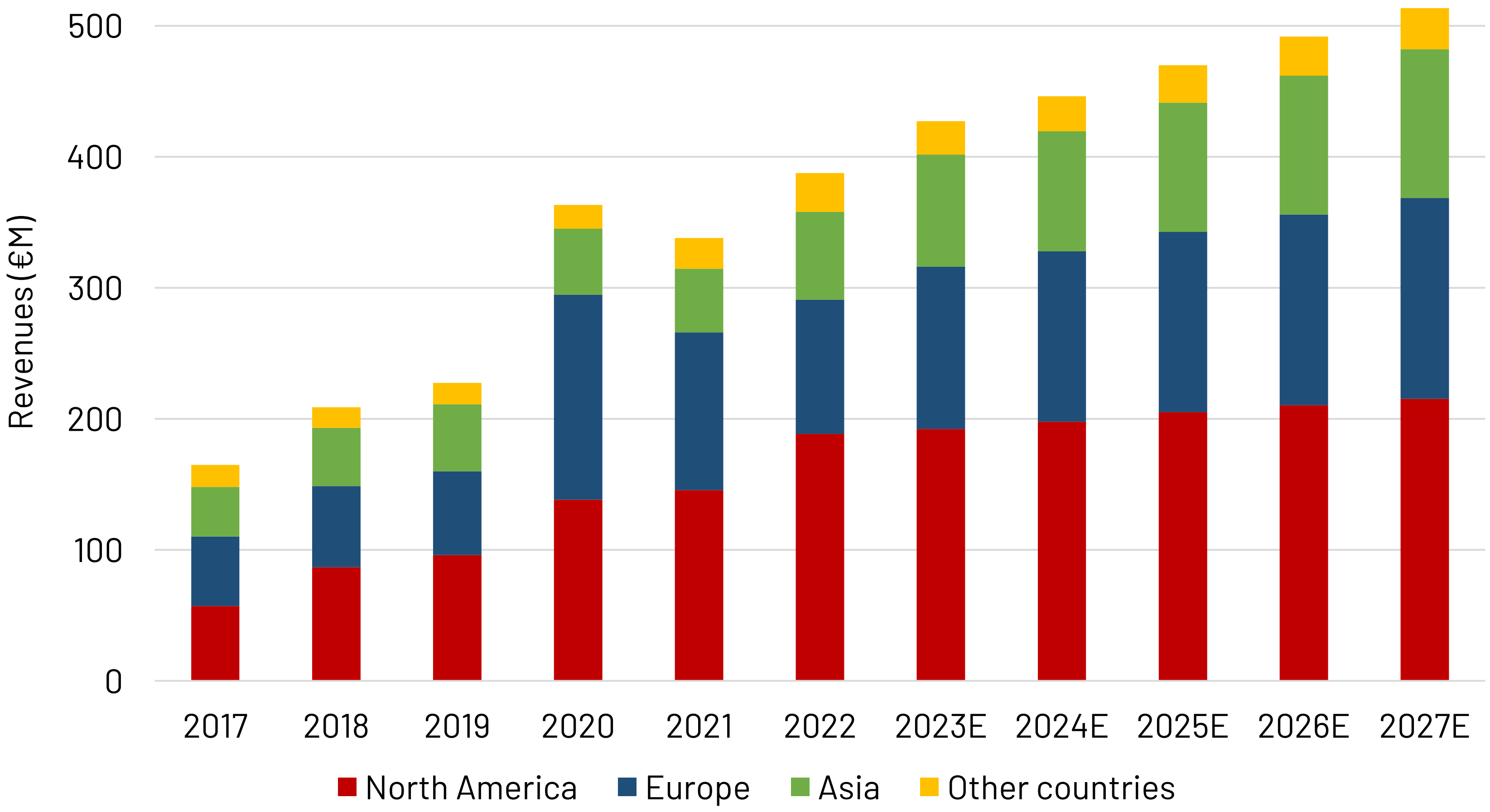

Source: team estimates

In **2020**, Sales in **Europe more than doubled** thanks to disposable **face masks** sold to Italian Government

In **2022**, Sales in **North America** increased by 30% YoY thanks to **RPB** acquisition

We forecast an **increase in Sales from Asia**, where GVS acquired **STT** and will start selling **sterile prefilled syringes**

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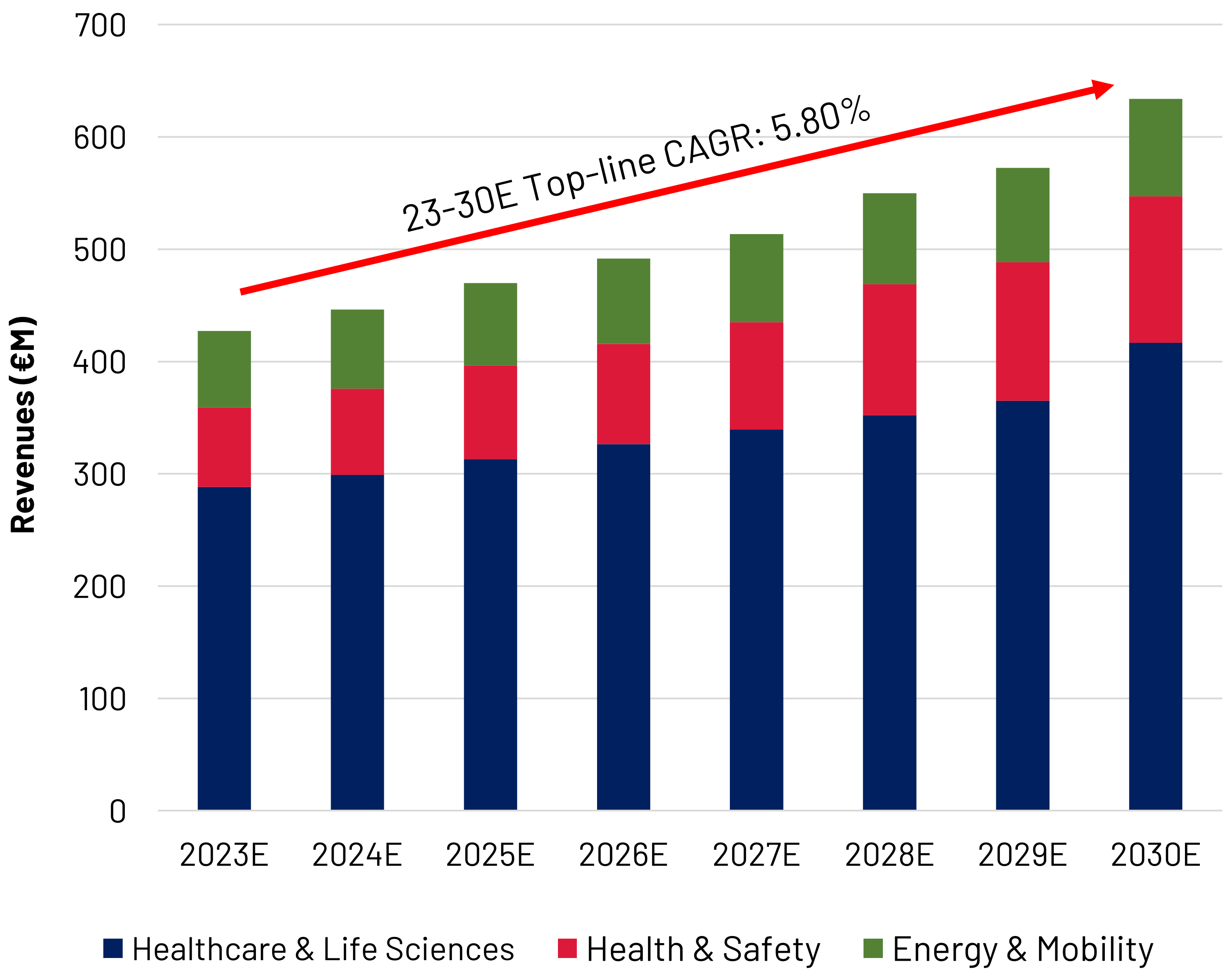
REVENUES BY DIVISIONS

Recalibrating the divisions’ weights



Source: team estimates

	CAGR 23E-30E
Healthcare	5.40%
Safety	9.10%
Mobility	3.50%
Top-line	**5.80%**

Highest contribution:
Healthcare & Life Sciences
Highest growth rate:
Health & Safety (Personal Safety)

We foresee a **gradual transition** in the Company's focus **towards Healthcare and Safety**, collectively comprising 90% of the top-line

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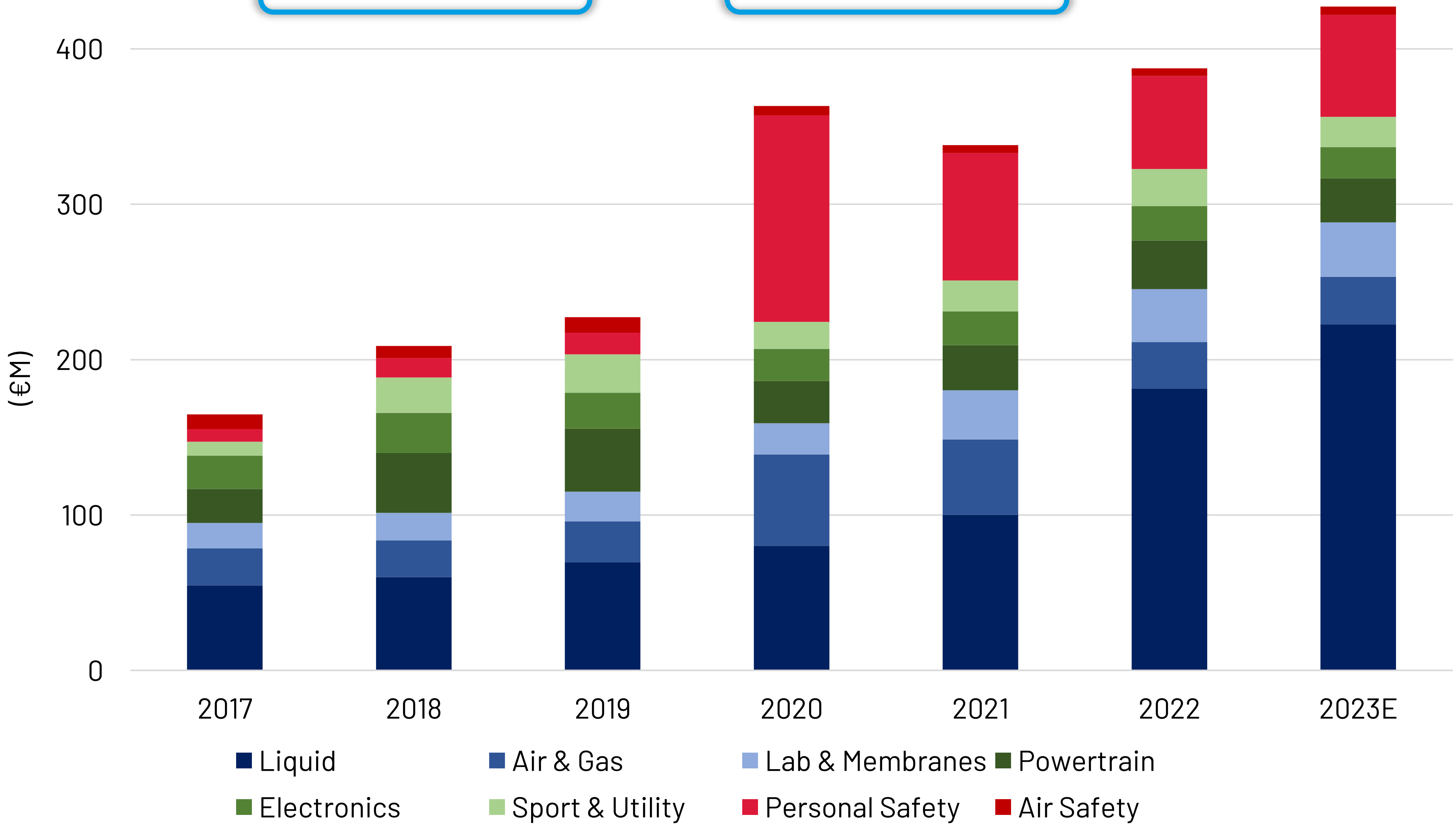
REVENUES BY SUB-DIVISIONS

The Personal Safety boost in 2020 and the ongoing Healthcare Liquid expansion

2017-19 CAGR: 17.5%

2019-22 CAGR: 19.5%



Source: team estimates

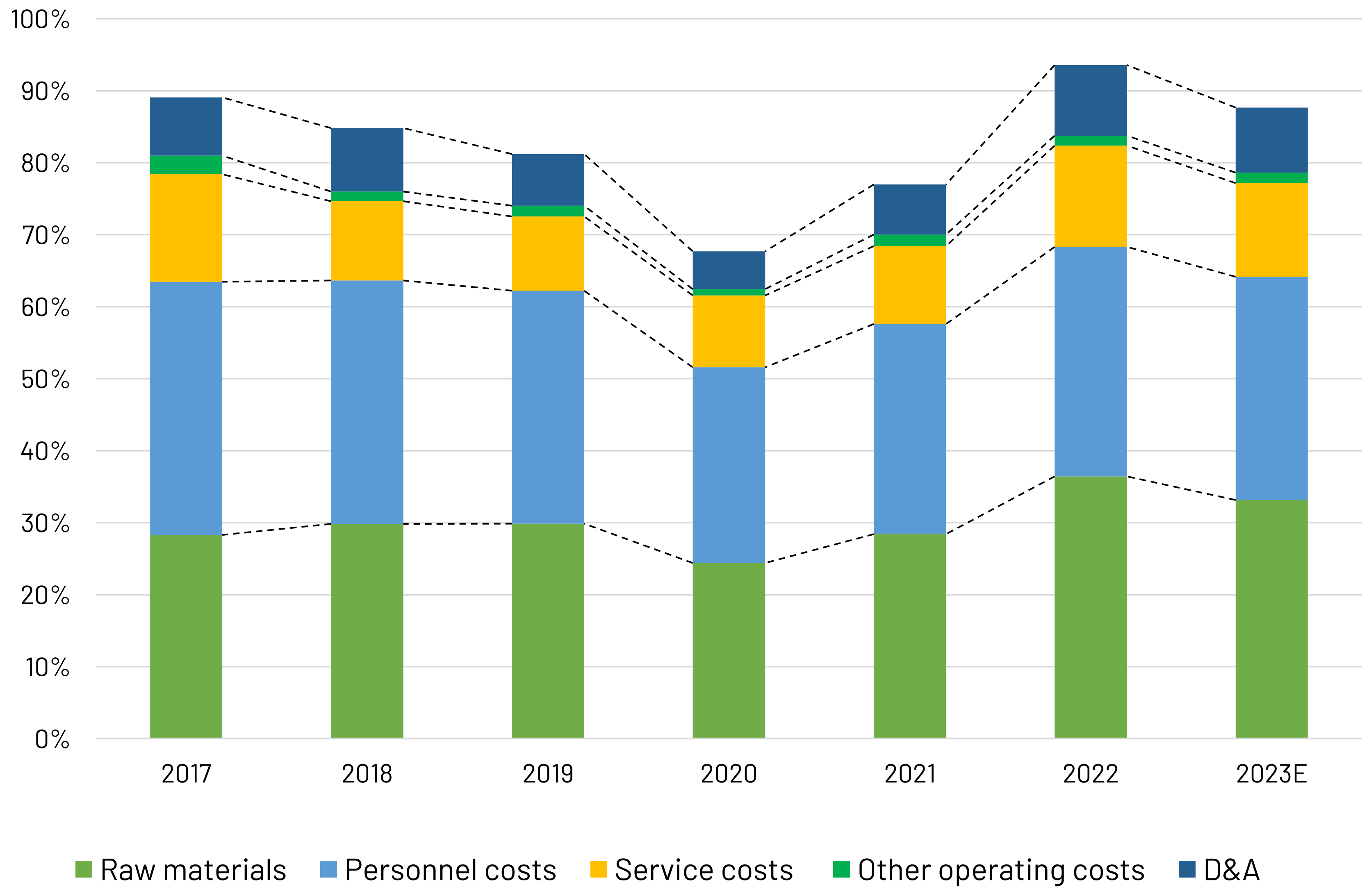
Highlights

In 2020 the Company experienced a **great surge in Revenues** thanks to the **sale of disposable face masks**

Personal Safety experienced an astonishing +480% Revenues from FY19 to FY20

COST STRUCTURE ANALYSIS

Historical expenses as % of Sales



Source: team estimates

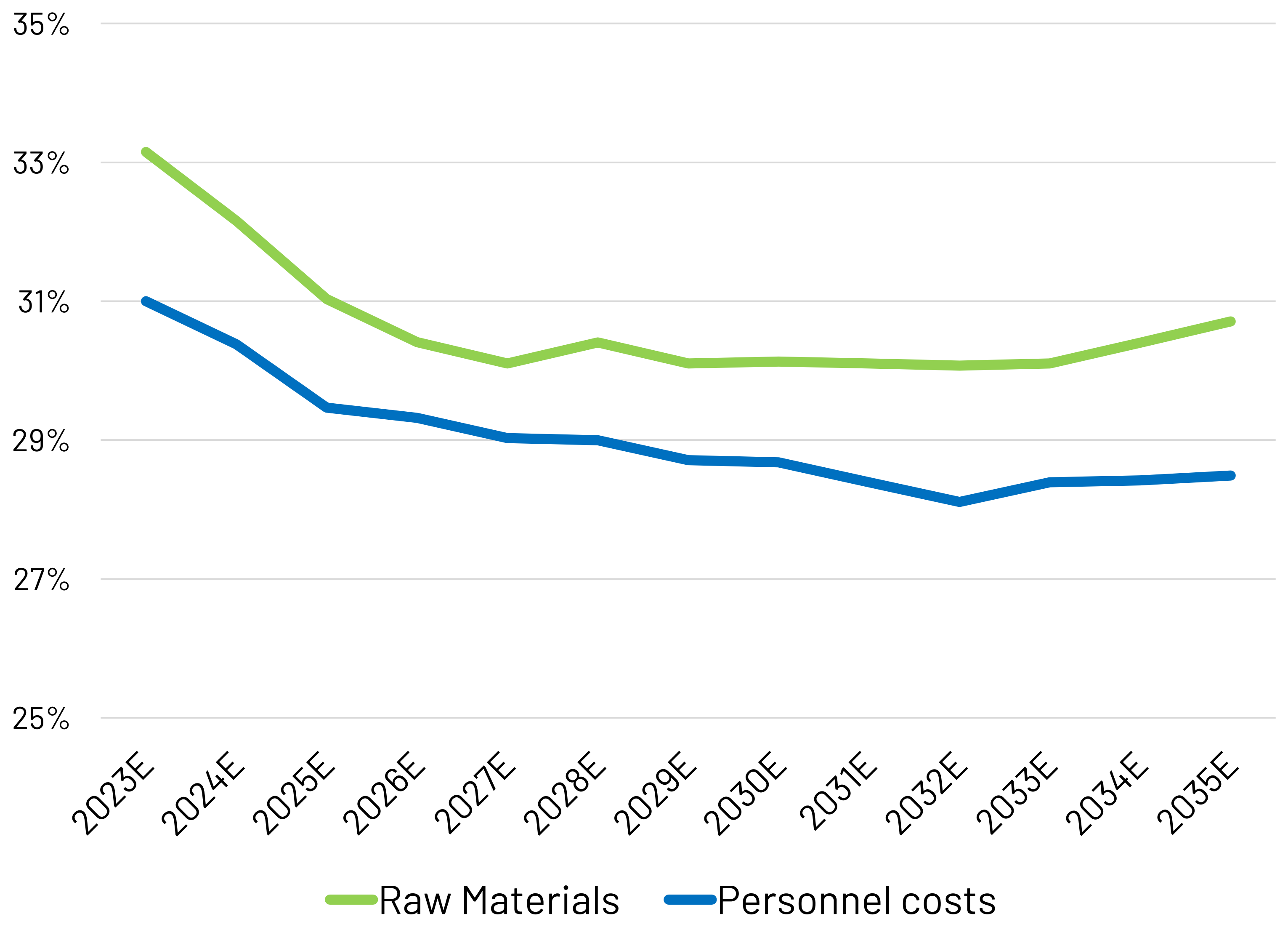
Raw materials and personnel expenses maintained a stable % of Sales until the Pandemic

The impact of both raw materials and personnel expenses **decreased in 2020**, as GVS capitalized on **plant saturation and economies of scale** (reconverting facilities to cater to the **demand of FFP3 masks**)

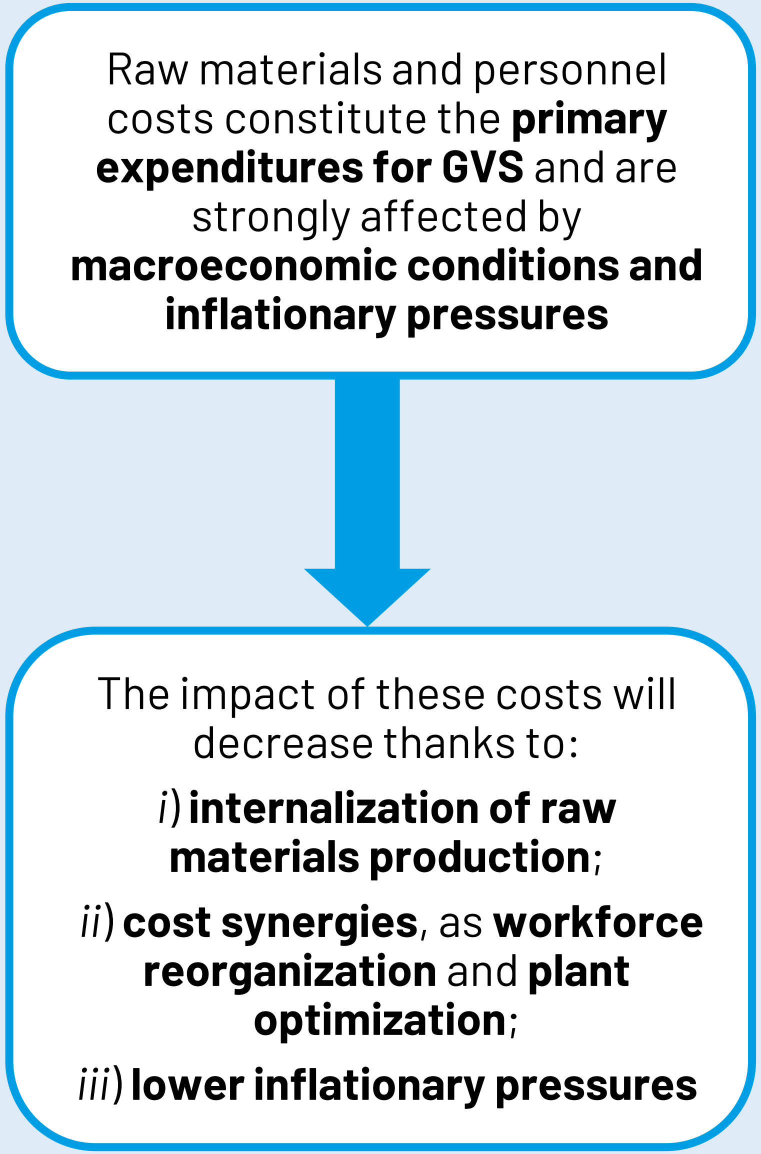
In **2022**, **inflation** caused a huge **increase in raw material costs** (*+800bps in its Revenues ratio with respect to previous year*)

EXPECTED COSTS DYNAMICS

The strict link with macroeconomic conditions



Source: team estimates



Raw materials and personnel costs constitute the **primary expenditures for GVS** and are strongly affected by **macroeconomic conditions and inflationary pressures**

The impact of these costs will decrease thanks to:

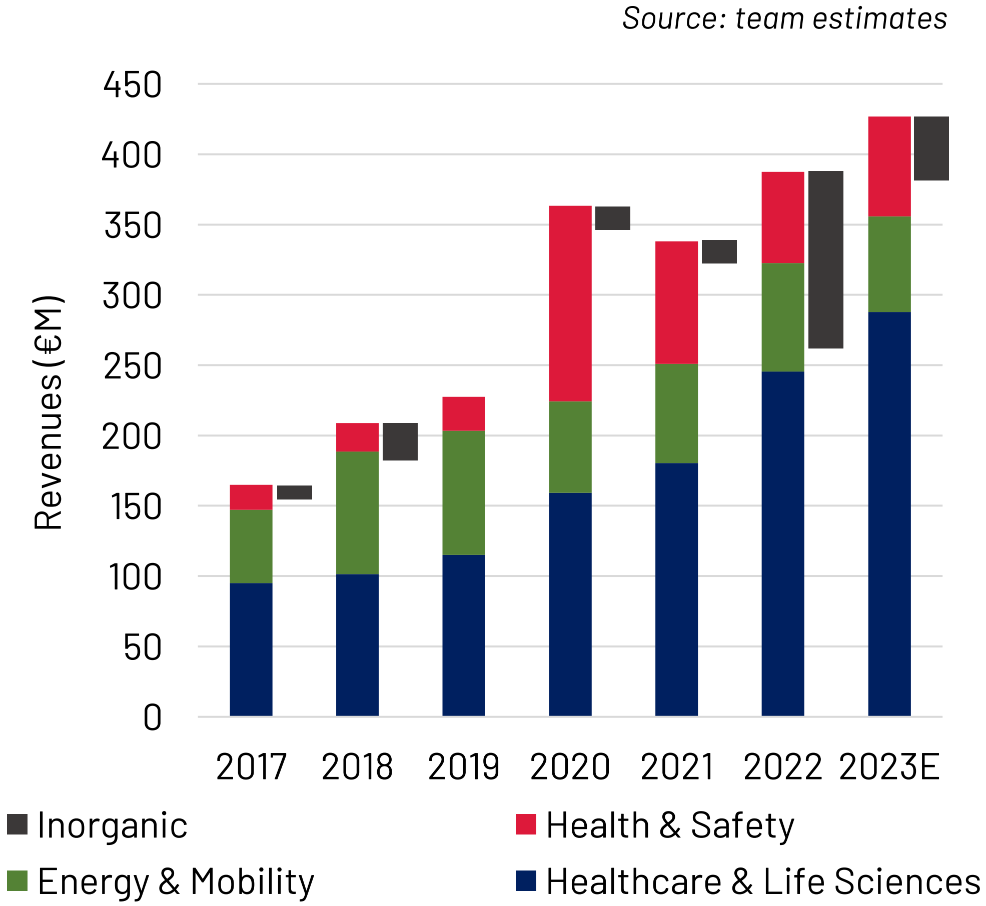
i) **internalization of raw materials production**;

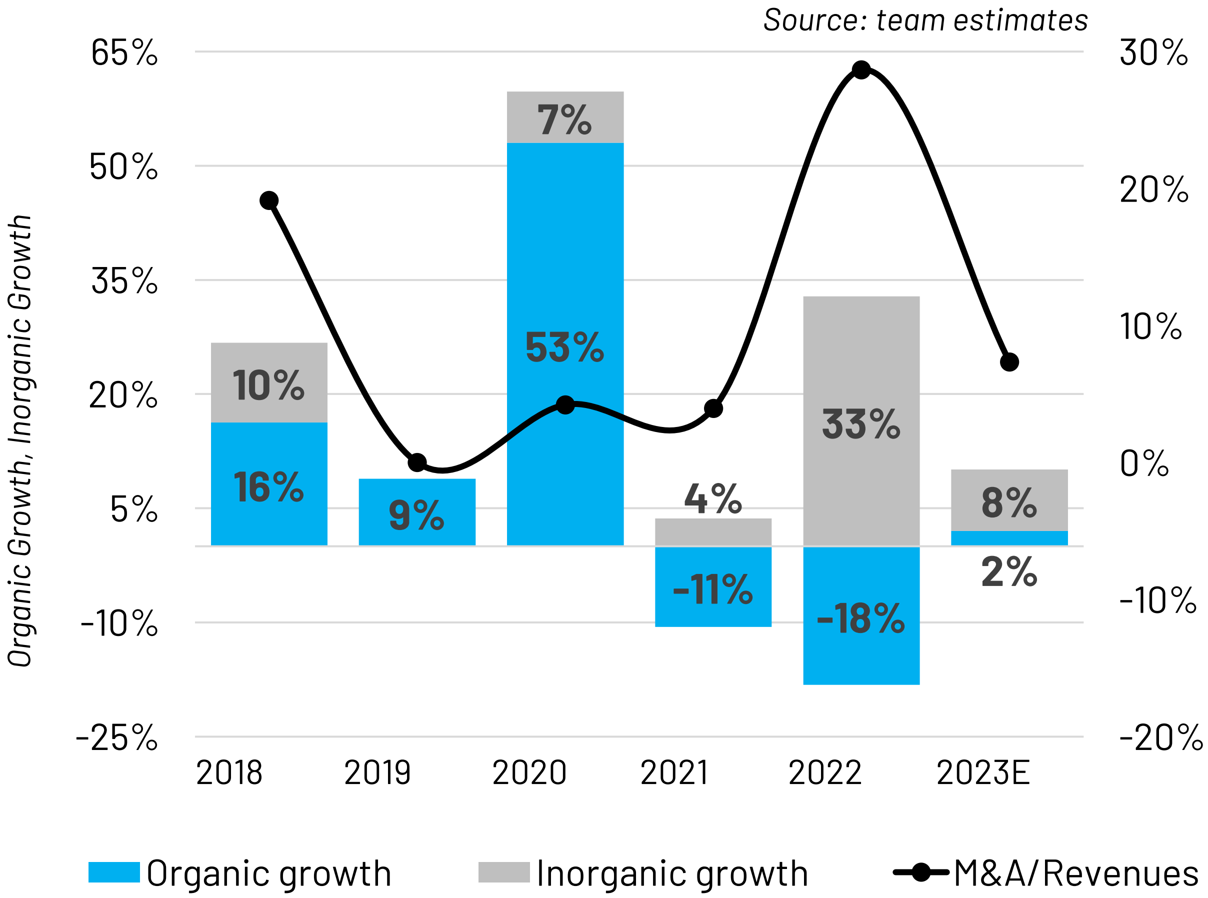
ii) **cost synergies**, as **workforce reorganization** and **plant optimization**;

iii) **lower inflationary pressures**

INORGANIC GROWTH

The Company's key value driver





- 17 acquisitions carried out successfully since 2009
- M&A is a **core part** of GVS' business model
- **Post-Pandemic growth is exclusively driven by inorganic contributions**
- Rationale behind M&A: **product range enrichment** and **penetration in adjacent market niches**

EVOLUTION OF ORGANIC AND INORGANIC GROWTH

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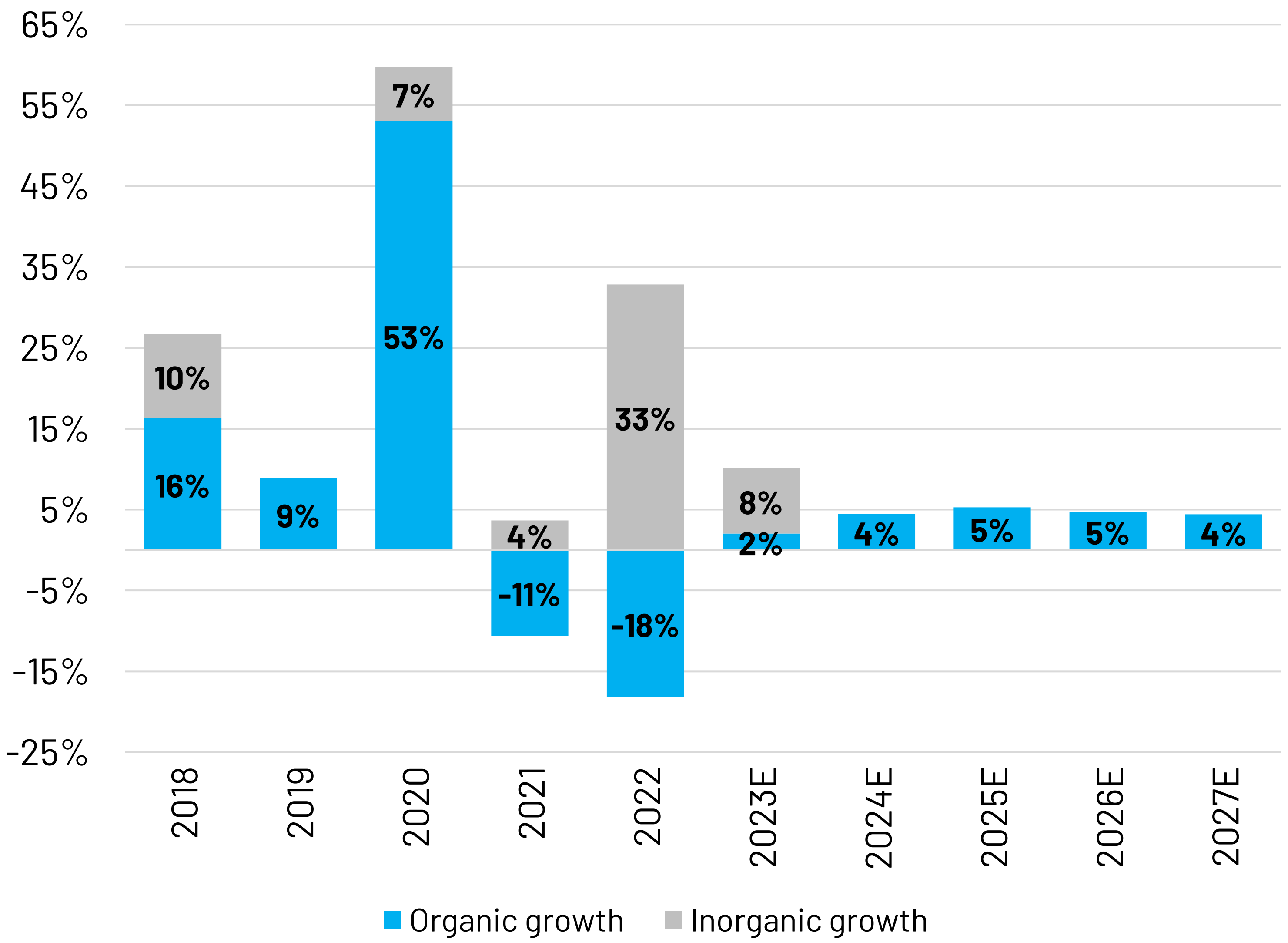
The high leverage halts inorganic contribution in the near future



Source: team estimates

- With **17 acquisitions since 2009**, M&A strategies lies at the heart of GVS' business model
- Specifically, **the Company fueled growth exclusively with strategic acquisitions in the post-Pandemic years**
- However, past choices related to M&A activities resulted in a **huge financial debt**, which **prevents** GVS from **further inorganic expansion** in the near future
- **We assume acquisition to restart in 2028**, when GVS will restore a viable capital structure

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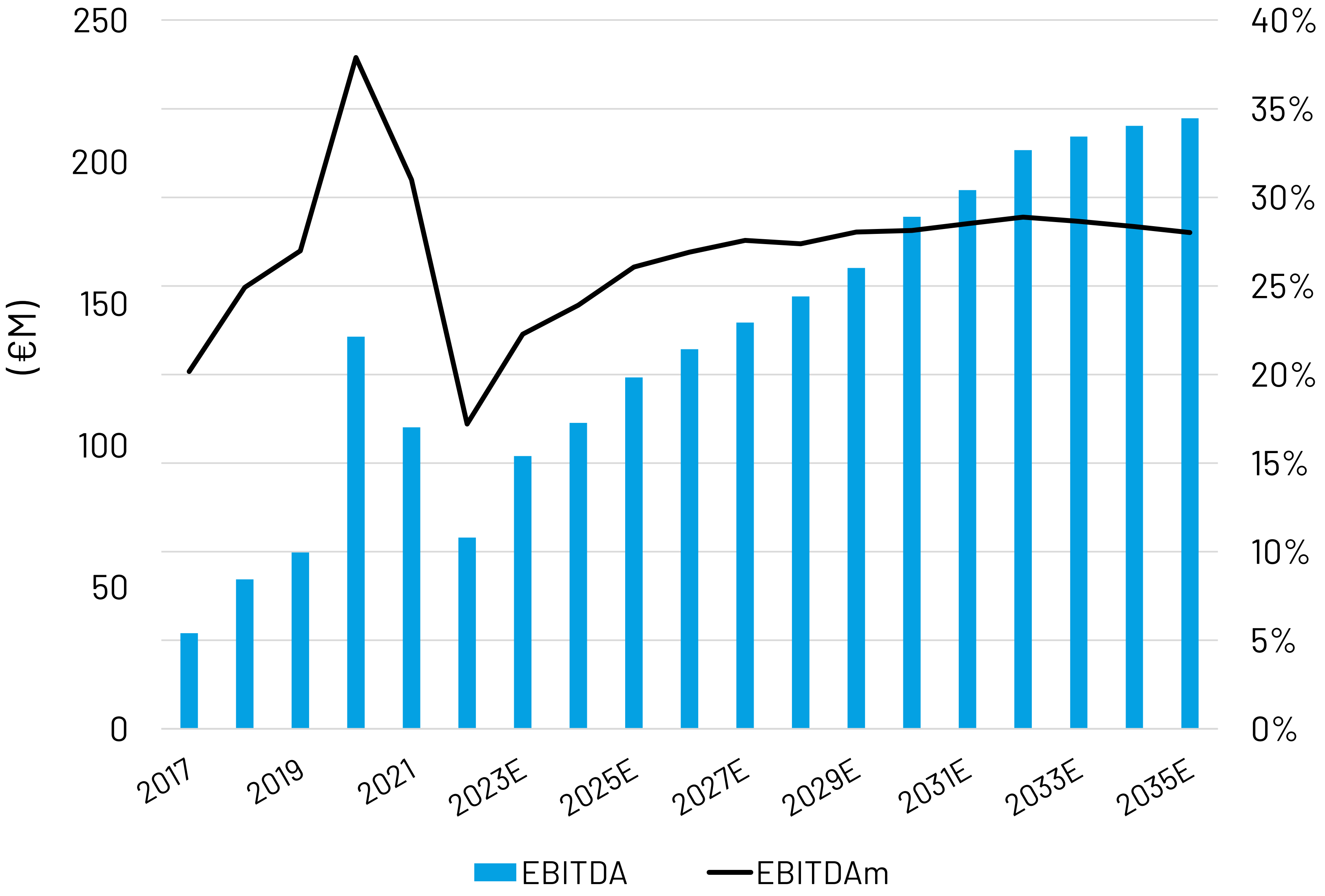
EBITDA AND EBITDAm EVOLUTION

The extraction of cost synergies and the greater exposure to high-marginality divisions



Source: Company data, team estimates

We foresee an **increase in EBITDAm** in the upcoming years driven by:

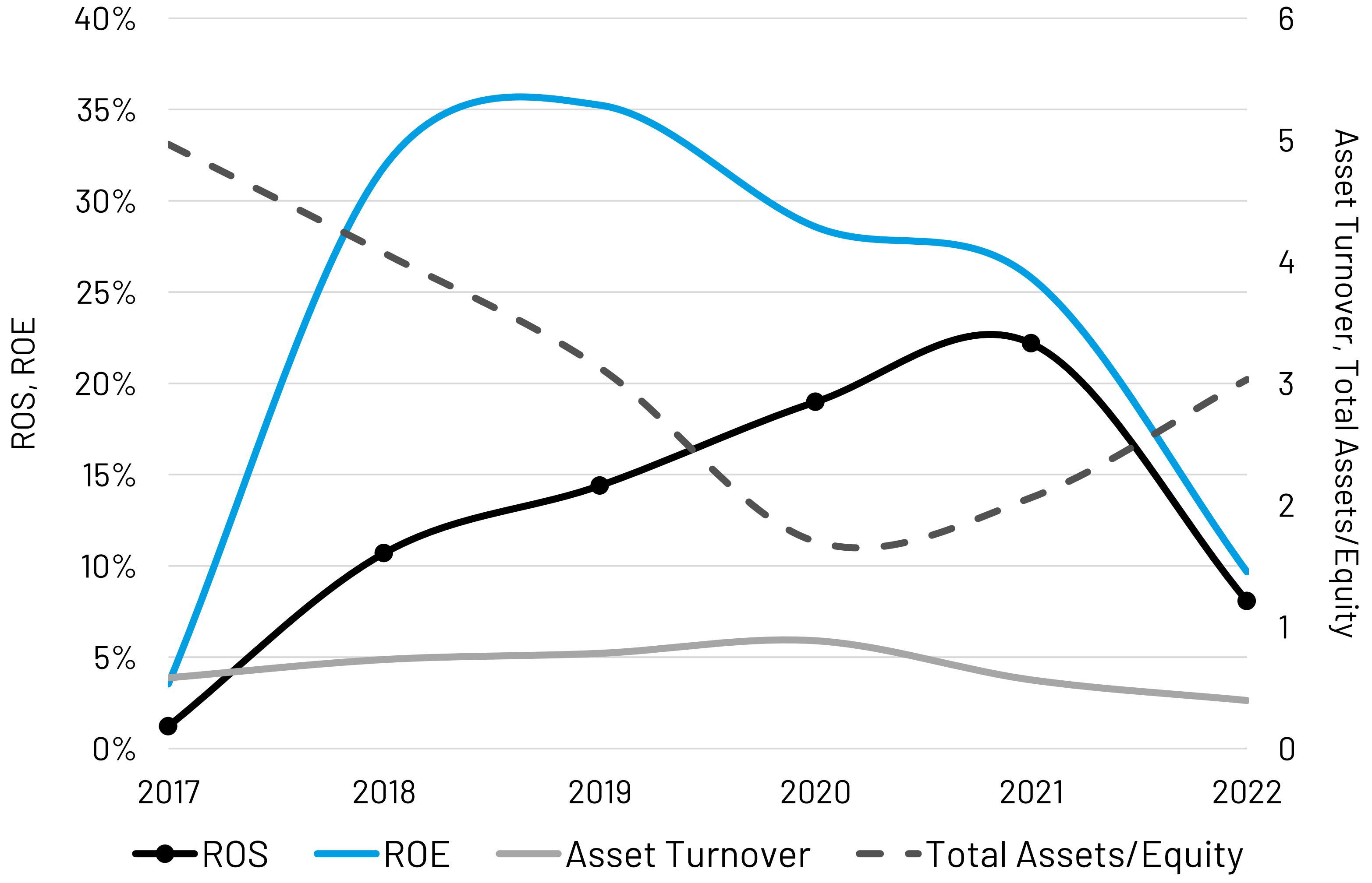
- the **greater exposure to high-marginality businesses**
- the **realization of cost synergies** from recent acquisitions

1 **Personal Safety** is the division with the **highest margins** since its primary sales channel is B2C. GVS's strong positioning in this market will allow the company to increase its exposure.

2 **Healthcare & Life Sciences** is the second division in terms of marginality. It will contribute to the top-line each year for more than 60%.

PROFITABILITY INSIGHTS

The Dupont analysis



Source: Company data, team estimates

- The ratio **Total Assets/ Equity increases starting from 2021** due to recent acquisitions
- The huge **drop in ROE in 2022** stems from the **decline of both ROS and Asset Turnover**, reflecting GVS diminishing profitability

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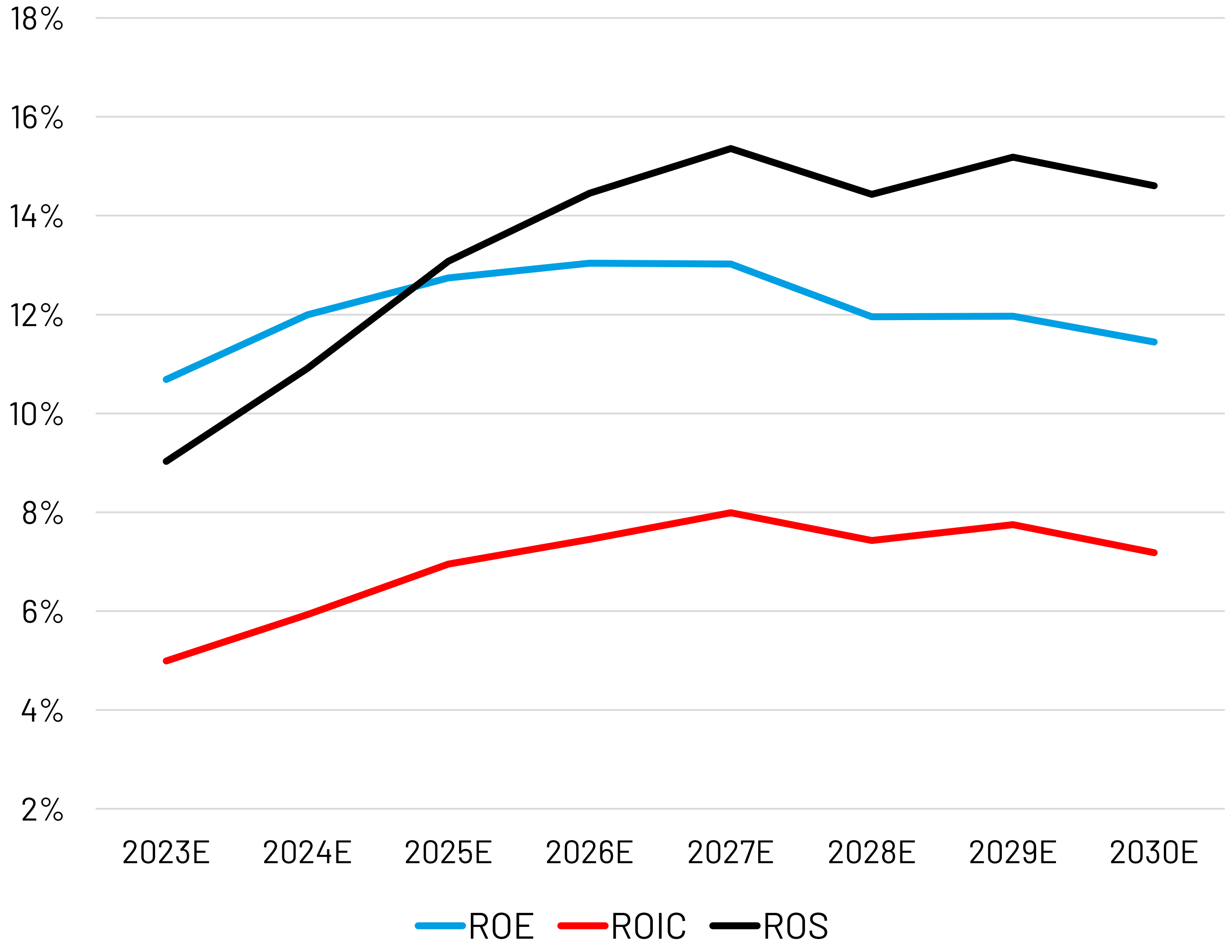
PROFITABILITY INSIGHTS

The upward trajectory of ROE, ROS and ROIC



Source: Company data, team estimates

- According to our model, **all ratios are expected to rise from FY23E to FY27E,** perfectly tracking the profitability increase

- However, ratios are expected to **slightly drop in the years when acquisitions take place**, as new synergies take time to be fully extracted, and the Company faces new costs

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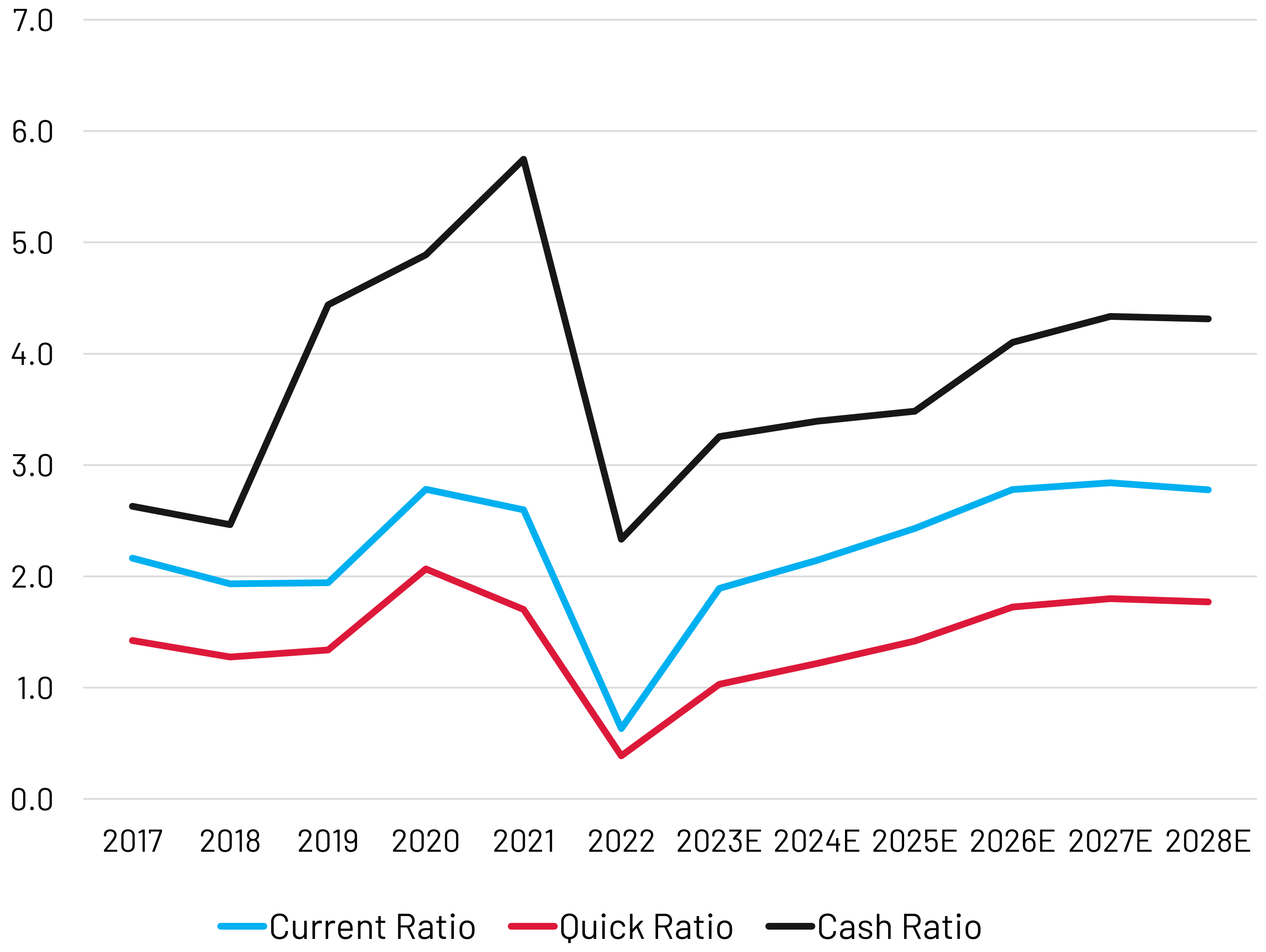
ASSESSING THE COMPANY'S LIQUIDITY

Current, Quick and Cash ratios



Source: Company data, team estimates

- Historically, the Company has maintained **satisfying levels of liquidity**
- The huge drop occurred in 2022 is explained by **the reclassification of €366M long-term debt to short-term**, as a consequence of the covenant breach
- For the future we expect the Company to gradually **improve its liquidity**

NET WORKING CAPITAL

Optimizing the NWC management

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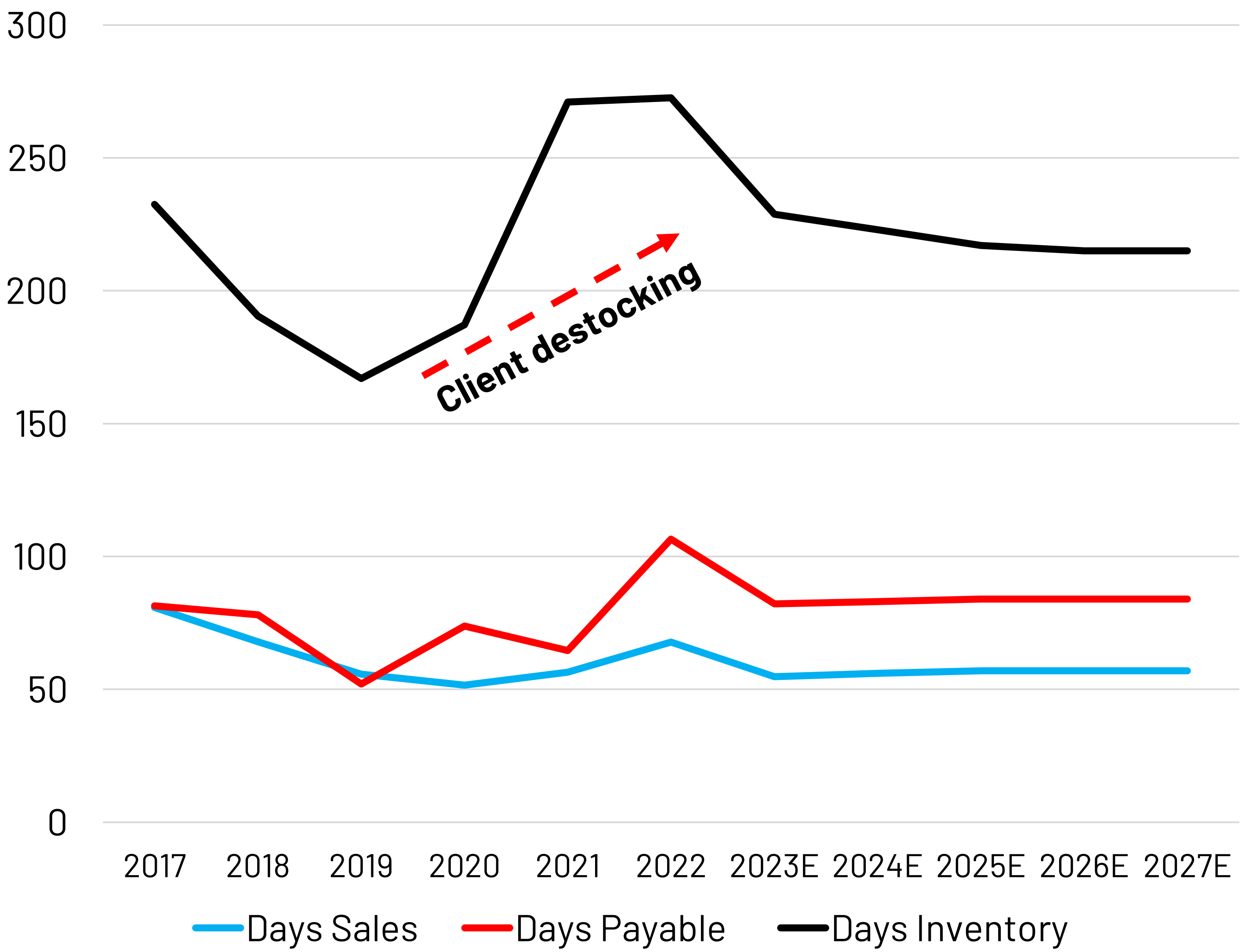


Source: team estimates

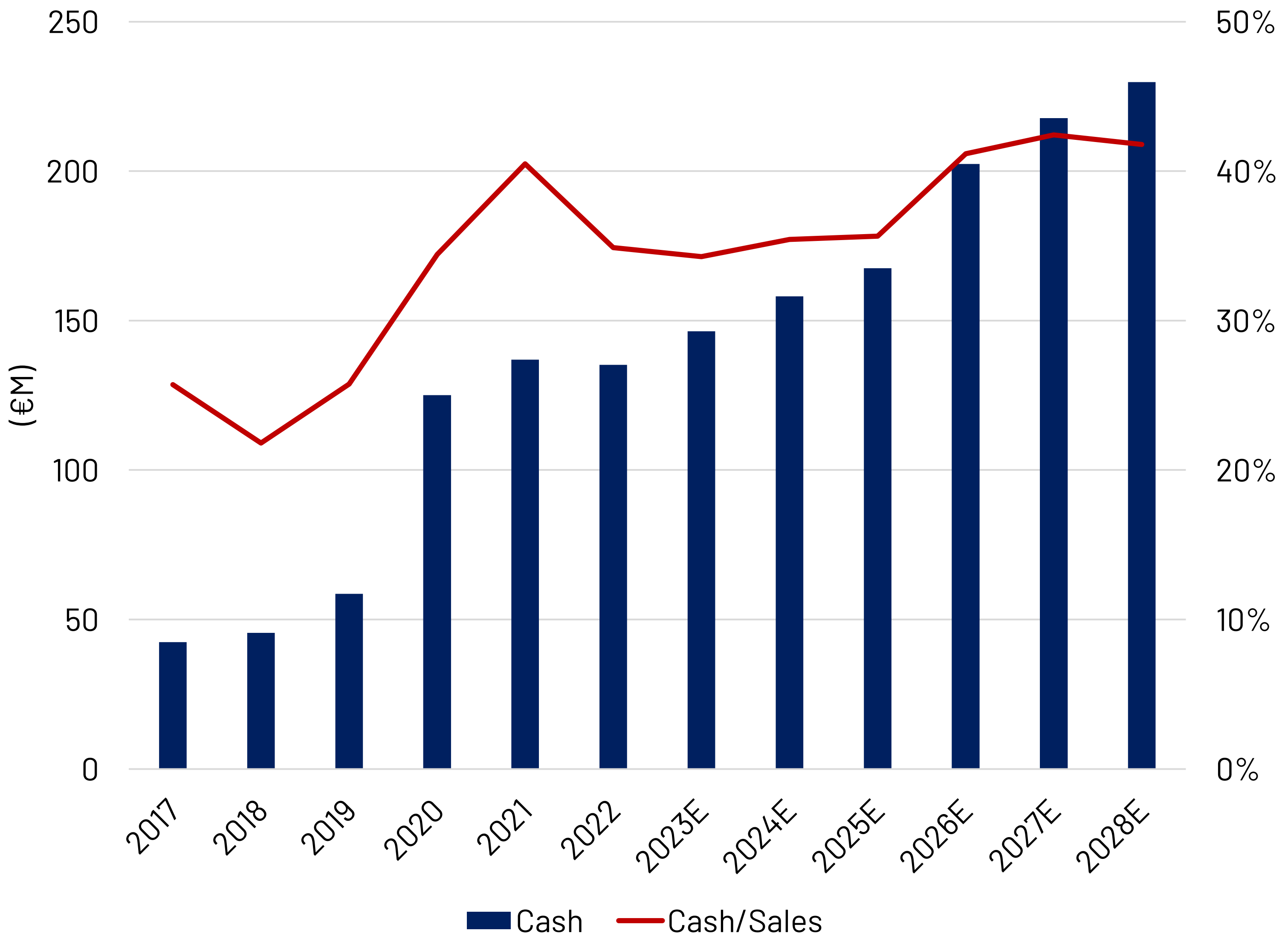
- During the **post-Pandemic** years, GVS experienced a **decline in orders** (especially in the Healthcare and Mobility divisions)

- This has been due to the **client destocking phenomenon**: customers faced an **excessive level of inventories** and**,** consequently, reduced their demand

- Many of the **products sold by GVS are set to expire** within H1 2024, therefore, **clients need to repurchase them,** independently of the current inventory levels

CASH DYNAMICS

A sustained cash accumulation



Source: team estimates

GVS will experience a **sustained cash generation** in the coming years, with a consistent cash on hand increase up to 2030E

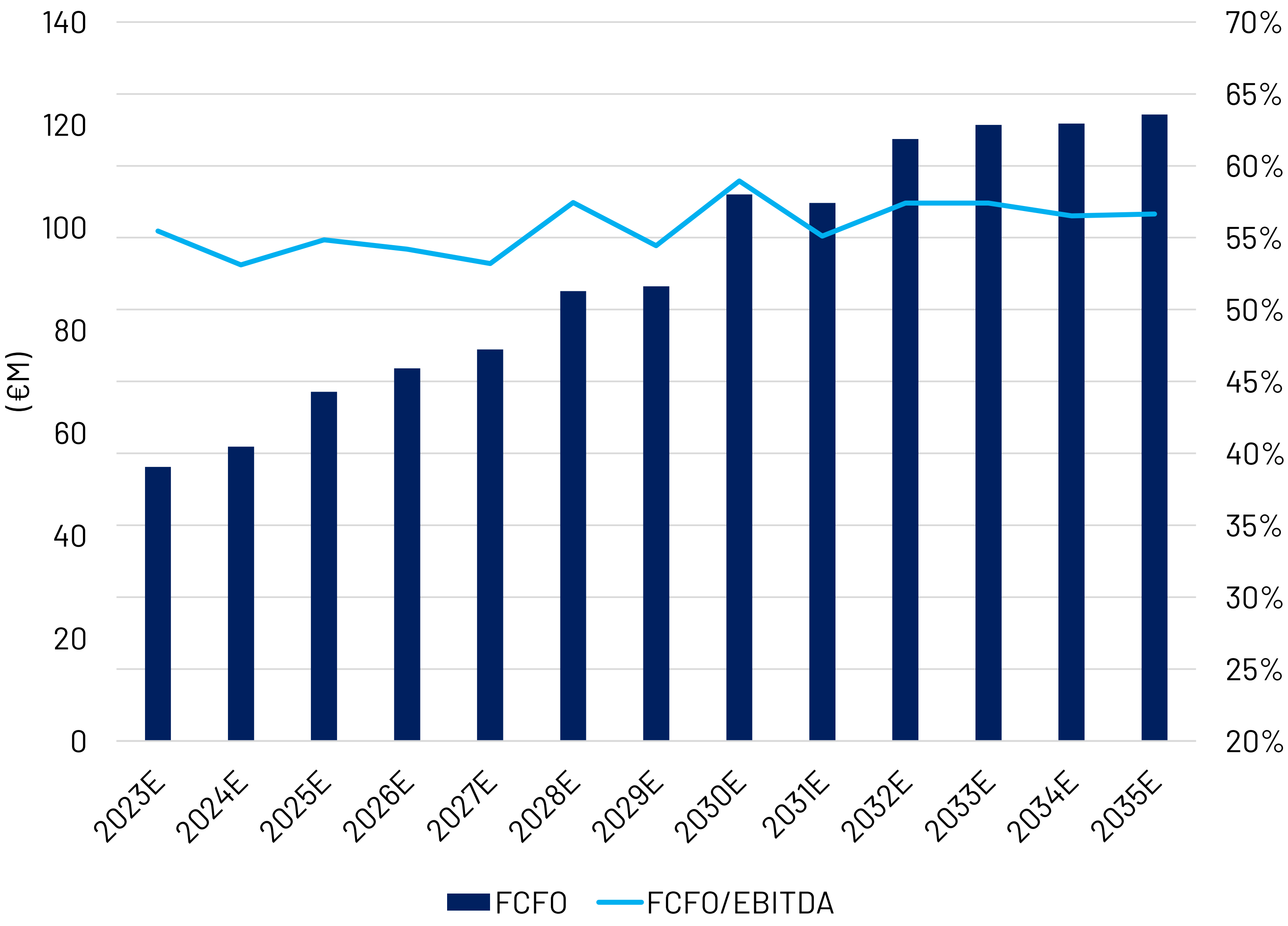
Such **cash accumulation** allows the Company to strategically allocate funds for:

- **Deleveraging** (in the short term)
- Operating activities
- **Dividend** payments and **Acquisitions** (from the medium term onwards)

THE MAIN DRIVERS OF FCFO

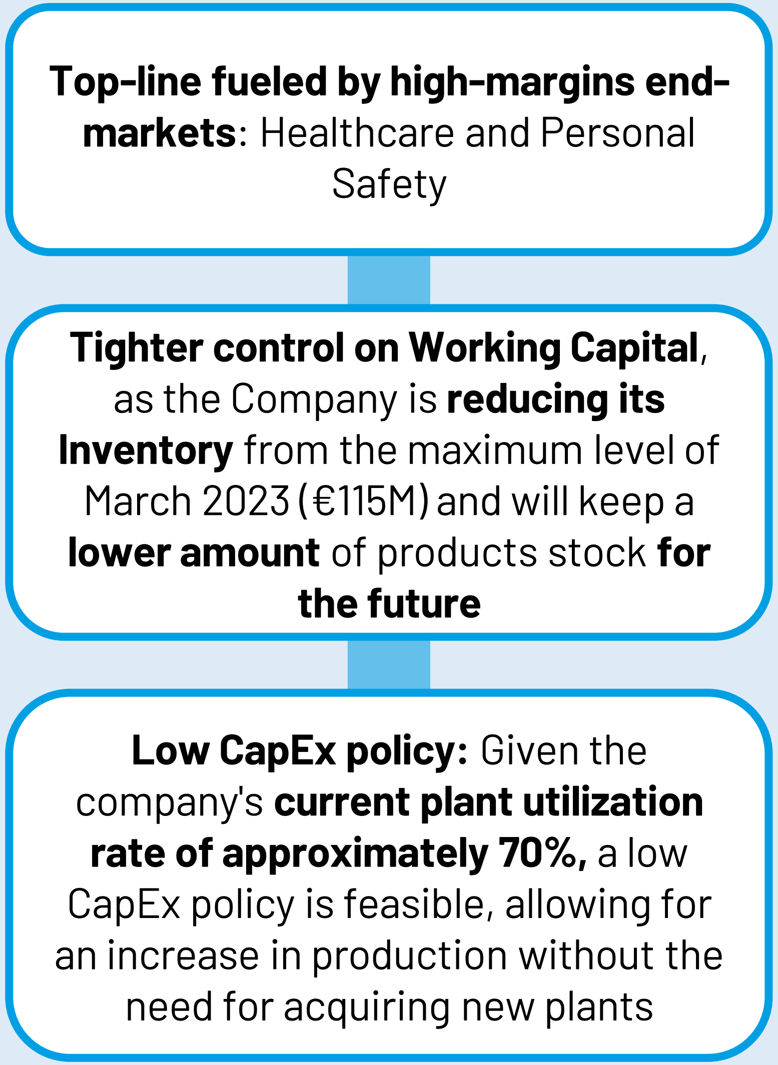
Solid cash generation power

Index



Source: team estimates

FCF generation will be driven by:



Top-line fueled by high-margins end-markets: Healthcare and Personal Safety

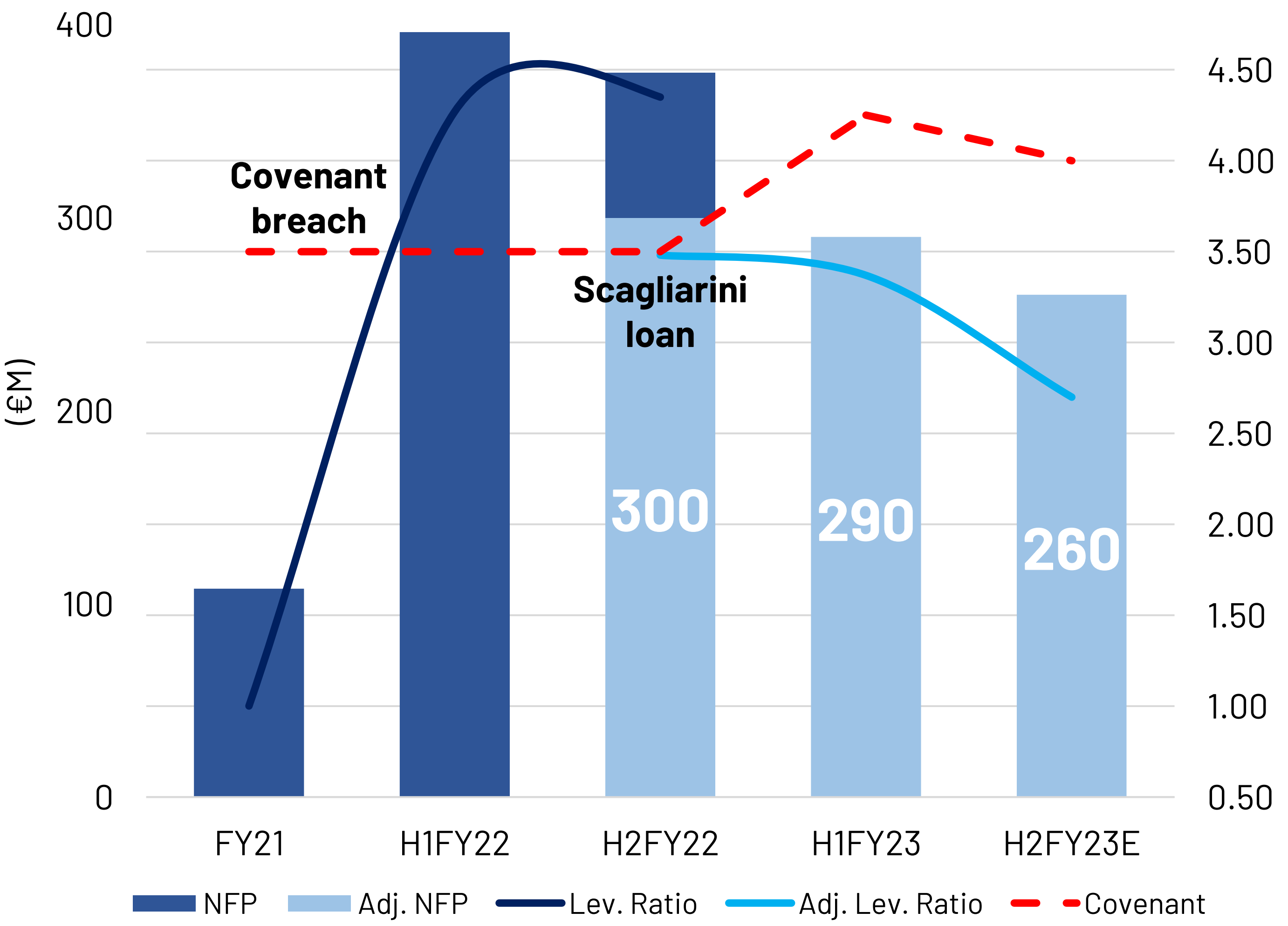
Tighter control on Working Capital, as the Company is **reducing its Inventory** from the maximum level of March 2023 (€115M) and will keep a **lower amount** of products stock **for the future**

Low CapEx policy: Given the company's **current plant utilization rate of approximately 70%,** a low CapEx policy is feasible, allowing for an increase in production without the need for acquiring new plants

NET FINANCIAL POSITION

Covenant breach and negotiations with banks

Index

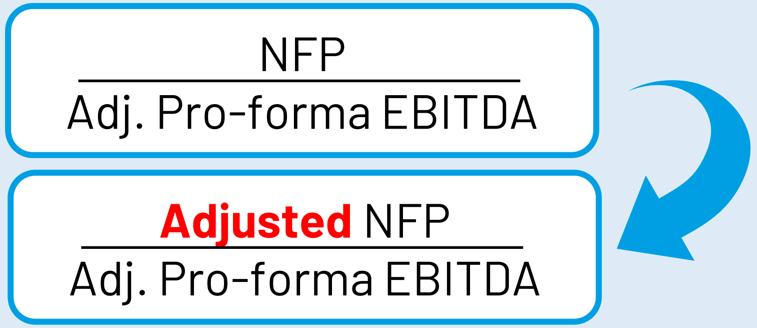


Source: team estimates

In **June 2022**, **the Company experienced a covenant breach** due to: 1) the excessive leverage used to finance recent acquisitions; 2) a lower-than-expected EBITDA.

Soon after, GVS negotiated some **adjustments to the covenant** with the lending banks:

- Exclusion of any subordinated shareholder loan from Financial Debt
- **Facilitated thresholds** (4.25x for June 2023 and 4.00x for December 2023)



$$\frac{\text{NFP}}{\text{Adj. Pro-forma EBITDA}}$$

$$\frac{\textbf{Adjusted}\text{ NFP}}{\text{Adj. Pro-forma EBITDA}}$$

At the same time, **the CEO Massimo Scagliarini granted a €75M loan to comply with the 3.5x threshold** in December 2022

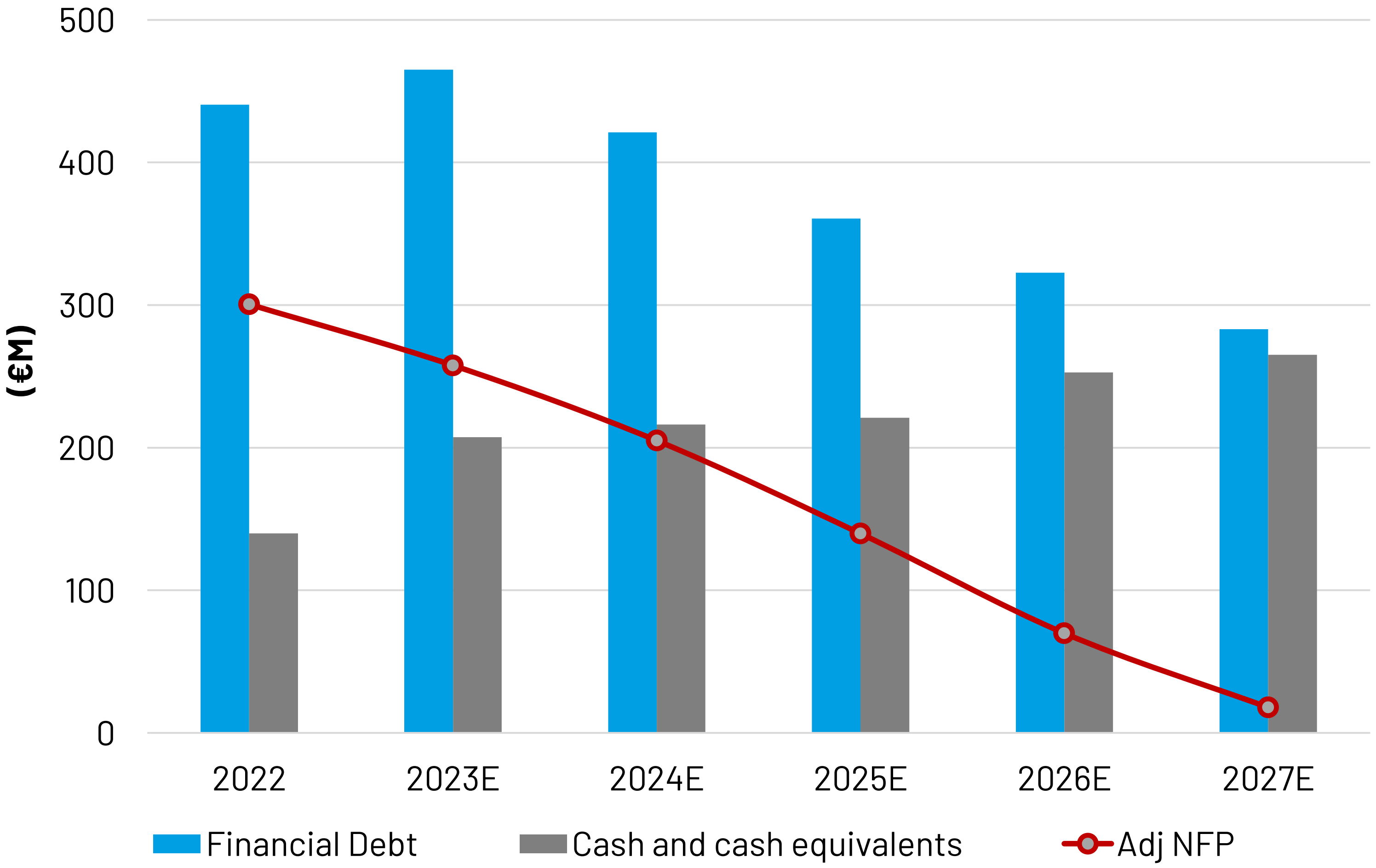
THE SHORT-TERM PRIORITY OF DELEVERAGING

Temporary halt in M&A contribution

Index

- The Company's prevailing financial conditions act as a **temporary deterrent to inorganic growth**
- We foresee that the Group will focus on a **deleveraging strategy**, reducing or not performing at all M&A until 2027

1.1x-1.2x Adj. Leverage Ratio in 2025E



Source: team estimates

LOANS

Brief overview

Index

LOAN	AMOUNT (€M) *as of 25/03/2024*	DUE DATE	INTEREST RATE	COVENANT	NOTES
2014 Bond Loan	4.58	January 2024	Floating rate (3% - 4.25%) based on the ratio between net financial indebtedness and consolidated EBITDA (3 – 4)	✓	Bond denominated in USD
2017 Bond Loan	15.98	July 2024	Floating rate (6.5% - 7.75%) based on the ratio between net financial indebtedness and consolidated EBITDA (3 – 4)	✓	
Mediobanca Loan (2020)	11.09	November 2025	Euribor six-month rate plus a spread (0.85% - 1.75%) based on the ratio between net financial indebtedness to consolidated EBITDA (2 – 4)	✓	IRS derivative (fixed rate, 3%)
Unicredit Loan (2020)	10.01	November 2025	Euribor 3-month rate plus a spread of 0.75%	✓	IRS derivative (fixed rate, 3%)
Club Deal Loan (2021)	134.71	July 2026	Euribor six-month rate plus a spread (1% - 2.45%) based on the ratio between net financial indebtedness to consolidated EBITDA (1.25 – 4)	✓	Loan for RPB acquisition; IRS derivative (fixed rate, 3%)
Club Deal Loan (2022)	228.96	June 2027	Euribor six-month rate plus a spread (1% - 2.45%) based on the ratio between net financial indebtedness to consolidated EBITDA (1.25 – 4)	✓	Loan for Haemotronic acquisition
Haemotronic Loans	12.78	December 2024 – December 2028	0.15% - 1.30%	✗	Loans taken out by Haemotronic SpA

Source: Company information, Team estimates

RECENT M&A STRATEGY

Geographical expansion, adjacent niches penetration and cost synergies

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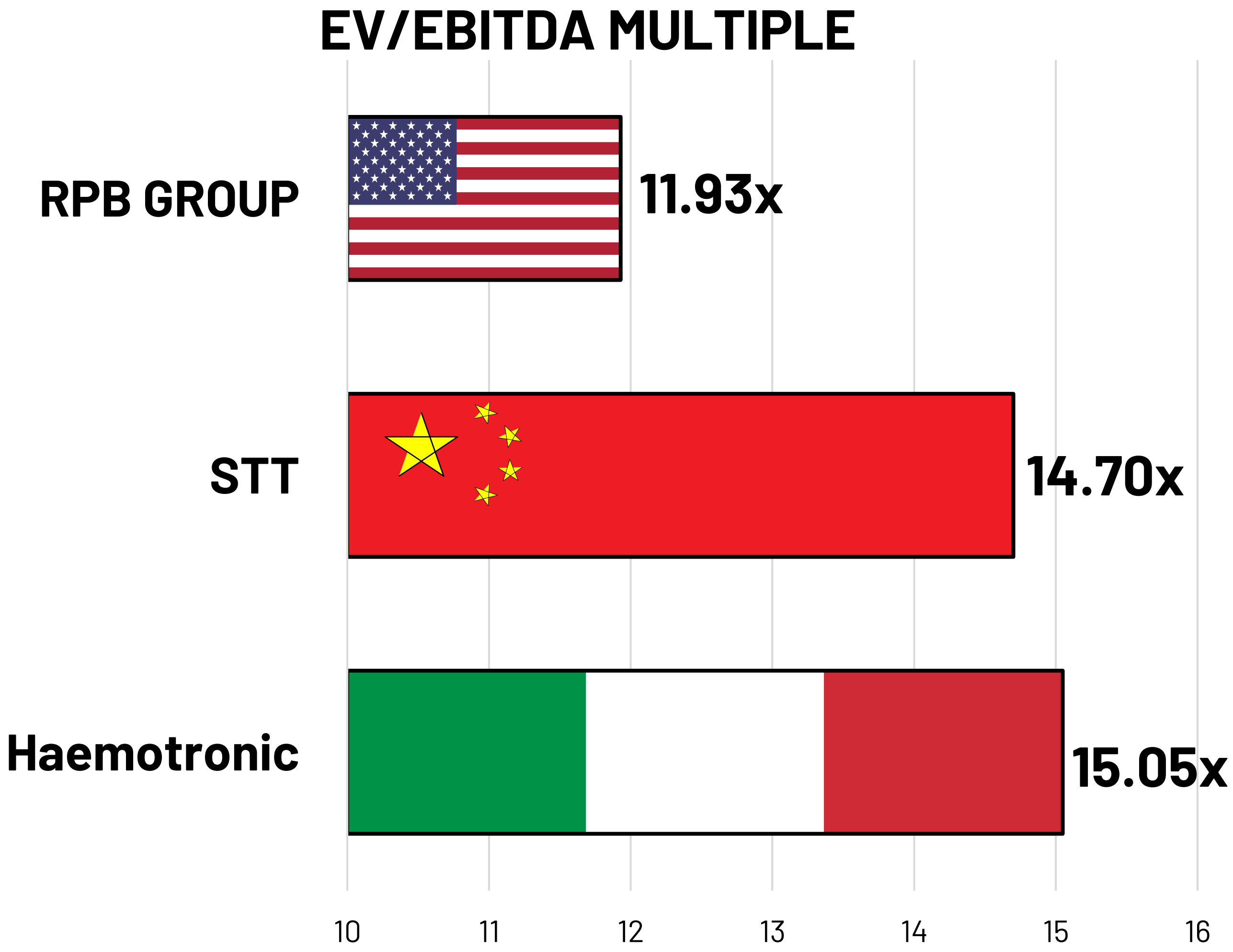

RPB Group
- **Product portfolio enrichment** (SAR and PAPR)
- **Cross-selling** synergies
- Internalization of production stages

STT
- **Geographical expansion** into the Chinese market (especially hospitals)
- **Plant optimization** (merge of two plants)
- Sterile prefilled syringes

Haemotronic
- **Product portfolio enrichment** (e.g medical bags) characterized by high margins
- **Workforce reorganization** related to Haemotronic manufacturing sites in Mexico

Source: Company data

RECENT M&A STRATEGY

Revenue and cost synergies generate value

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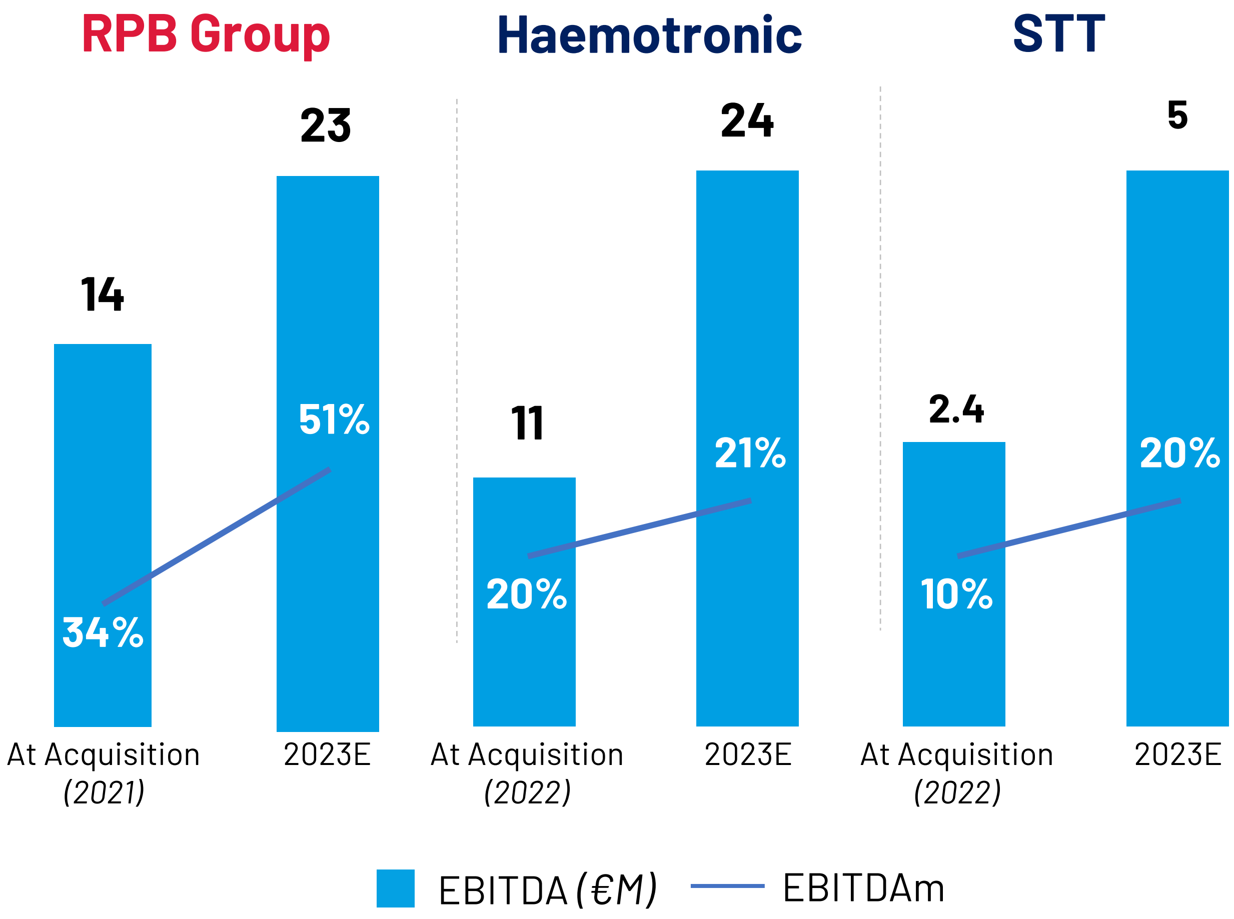
Recent Acquisitions EBITDA dynamic



Source: FactSet, team estimates

RPB Group
- **Product portfolio enrichment** (SAR and PAPR)
- **Cross-selling** synergies
- Internalization of production stages

STT
- **Geographical expansion** into the Chinese market (especially hospitals)
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Haemotronic
- **Product portfolio enrichment** (e.g medical bags) characterized by high margins
- **Workforce reorganization** related to Haemotronic manufacturing sites in Mexico

M&A BENEFITS

Revenue and cost synergies generate value

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M&A strategy allows GVS to exploit both:

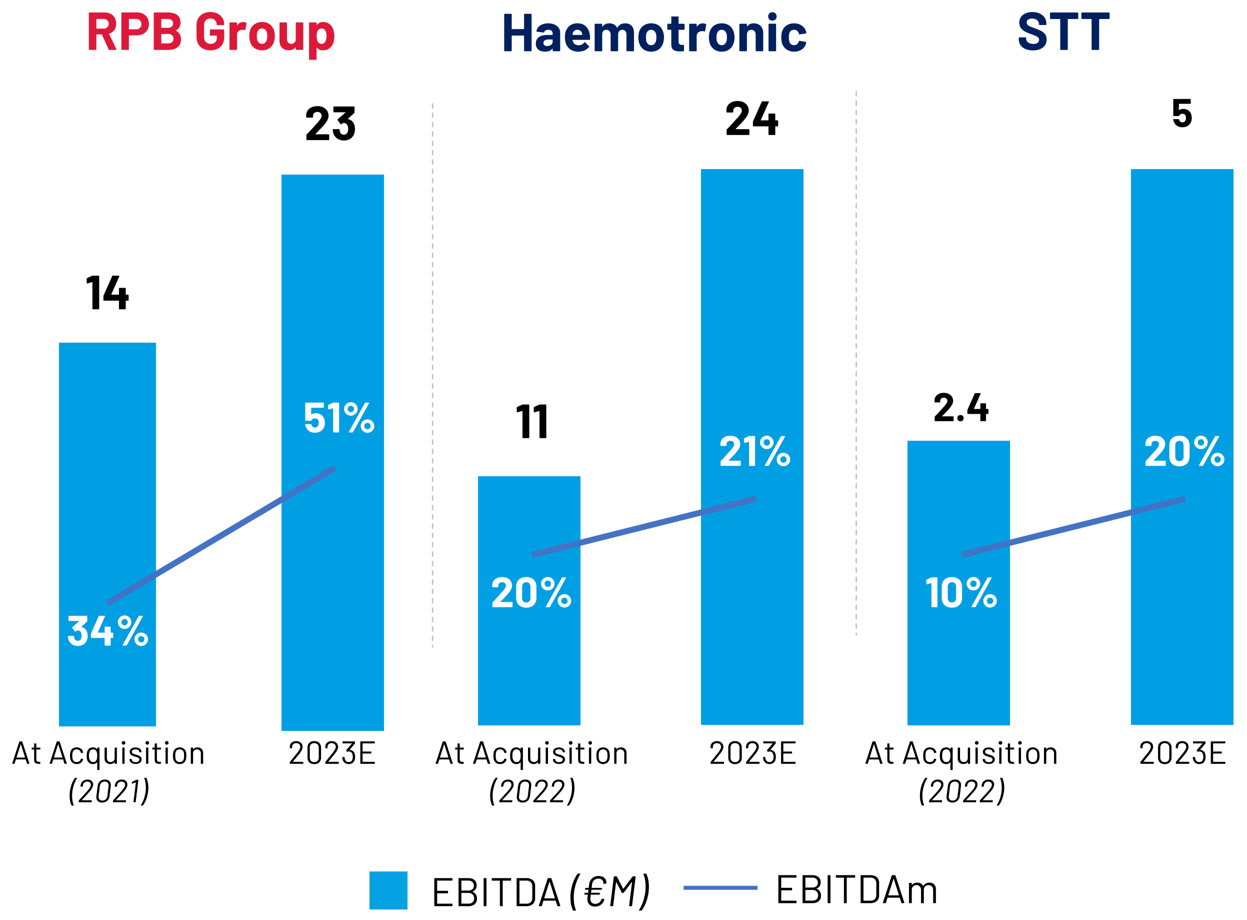
Revenue synergies

- **Cross-selling** (e.g. GVS and RPB customer base for reusable masks and advanced respirators)
- **Geographical expansion** (e.g. in the Chinese market through STT)
- **Product portofolio enrichment** (e.g. Segre disposable masks and KUSS automotive filters)

Cost synergies

- **Workforce reorganization** (e.g. in Haemotronic plants in Mexico)
- **Plant optimization** (merge of two plants in China)
- **Insourcing** production of components (e.g membranes production with Maine Manifacturing)

Recent Acquisitions EBITDA dynamic



Source: FactSet, team estimates

FUTURE M&A STRATEGY

Index

Catching growth opportunities in the Safety and moving toward the MedTech

1 Catching growth opportunities in the Safety Industry:

We foresee a further penetration in the Personal Safety segment, marked by higher growth rates.

- In 2028, GVS may venture into the firefighting niche catching up to competitors like Dräger and MSA.

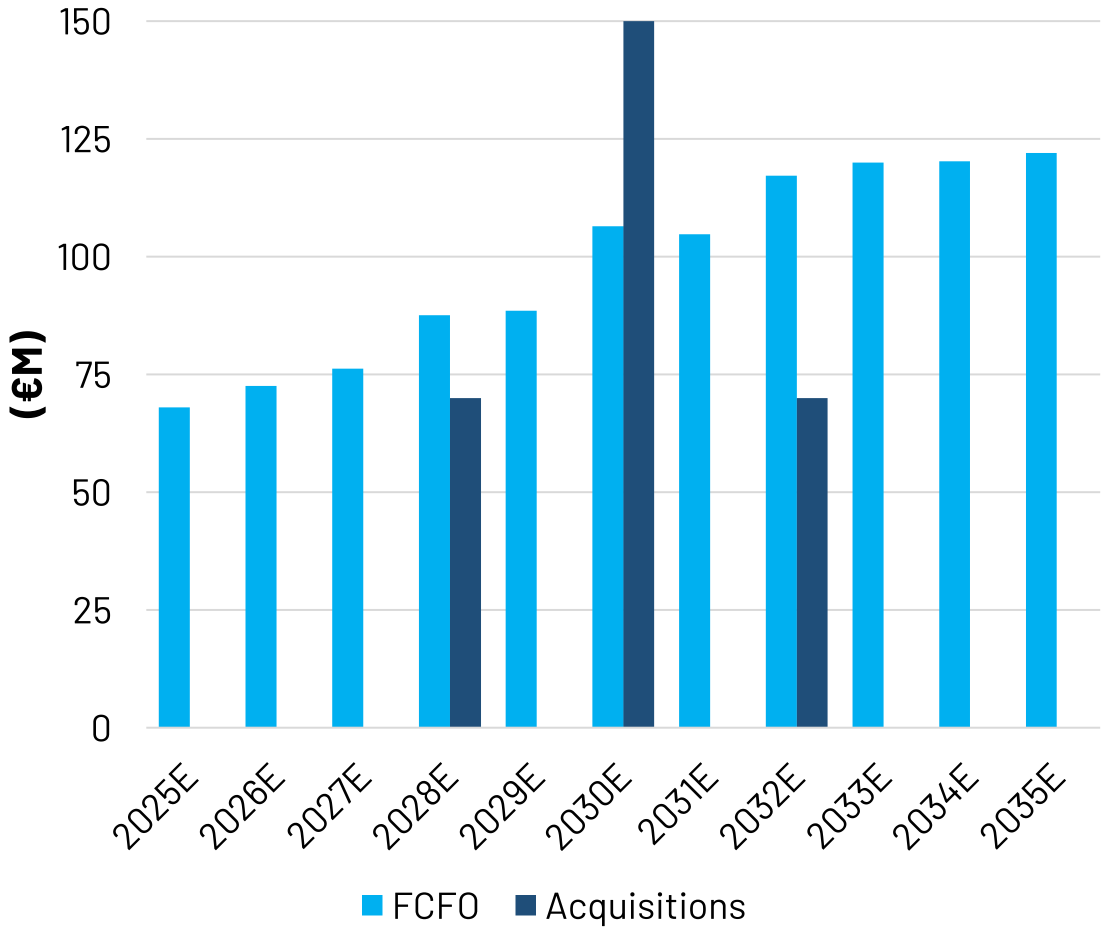
2 Reinforcement into the MedTech Industry:

In the long term, the Company's target will be the transition from an Industrial to a MedTech entity. Therefore, we foresee a reinforcement in the Healthcare segment:

- 2030 Acquisition in the Healthcare Liquid segment
- 2032 Acquisition in the Laboratory segment

However, it will still not be enough to compete with industry giants.

FUTURE ACQUISITIONS



Source: team estimates

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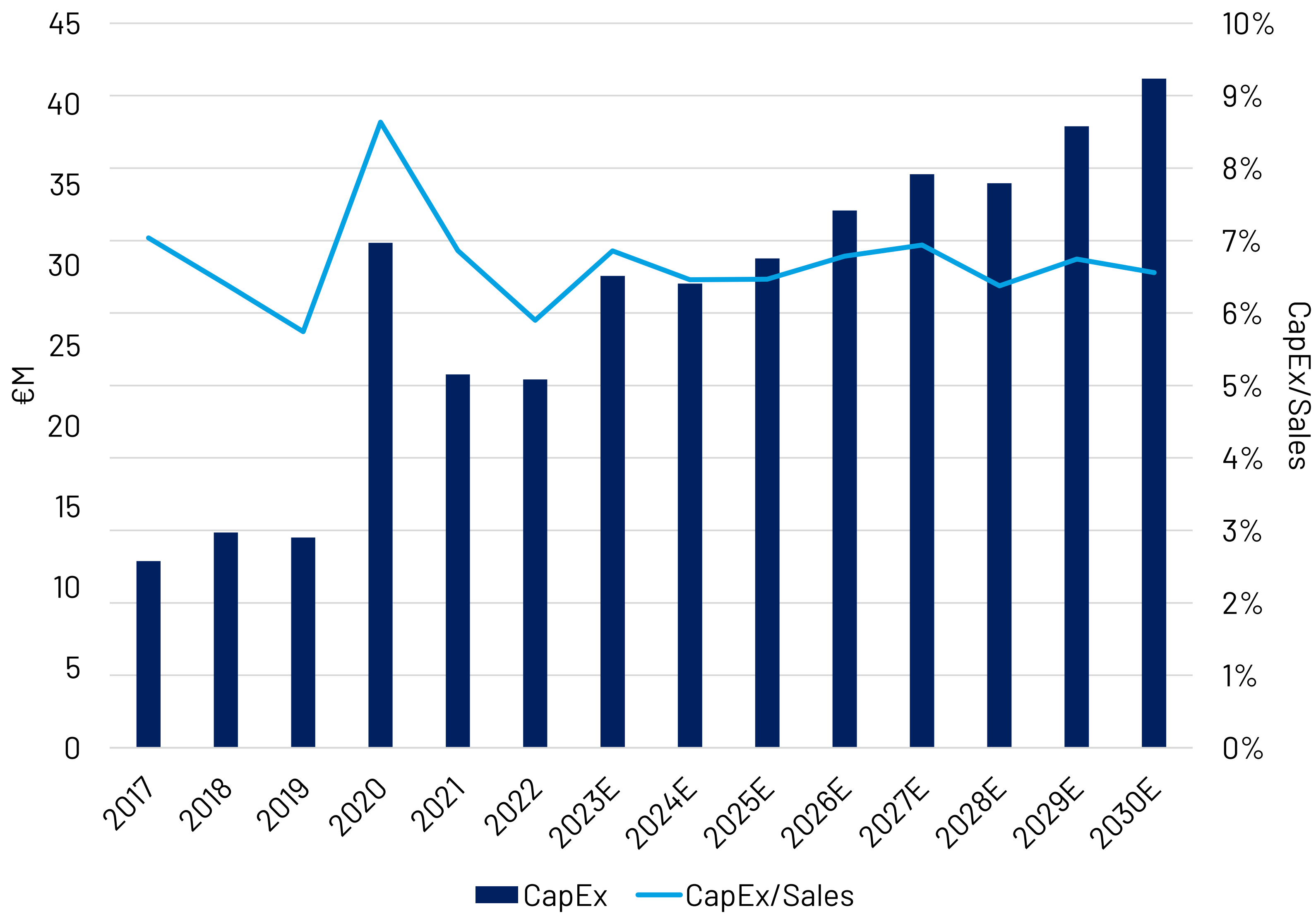
CAPEX AND CAPEX/SALES EVOLUTION

A driver of the FCF



Source: team estimates

PAST EVOLUTION

The **2020 spike** in CapEx can be attributed to the operations during the Pandemic. The Company **reconverted most of its facilities to the production of disposable face masks.**

FUTURE EVOLUTION

In our future projections, we forecast a **CapEx/Sales Ratio in line with the past** with an average of 6.5%.

HISTORICAL M&A EXPENDITURE

The aggressive strategy pursued in recent years

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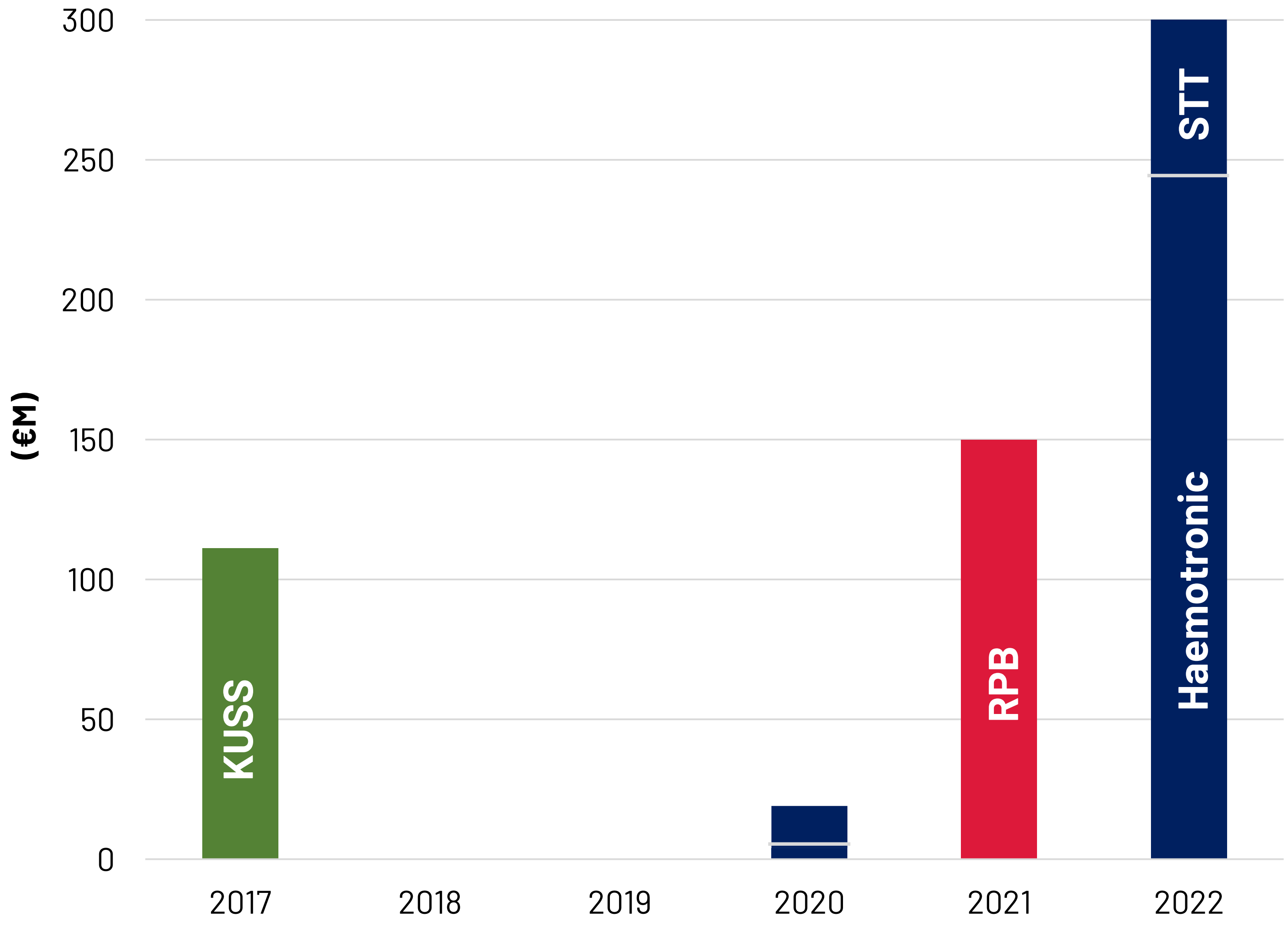


Source: team estimates

- In the last years GVS has started an **aggressive M&A strategy**, with around **€450M spent in two years** to purchase three companies

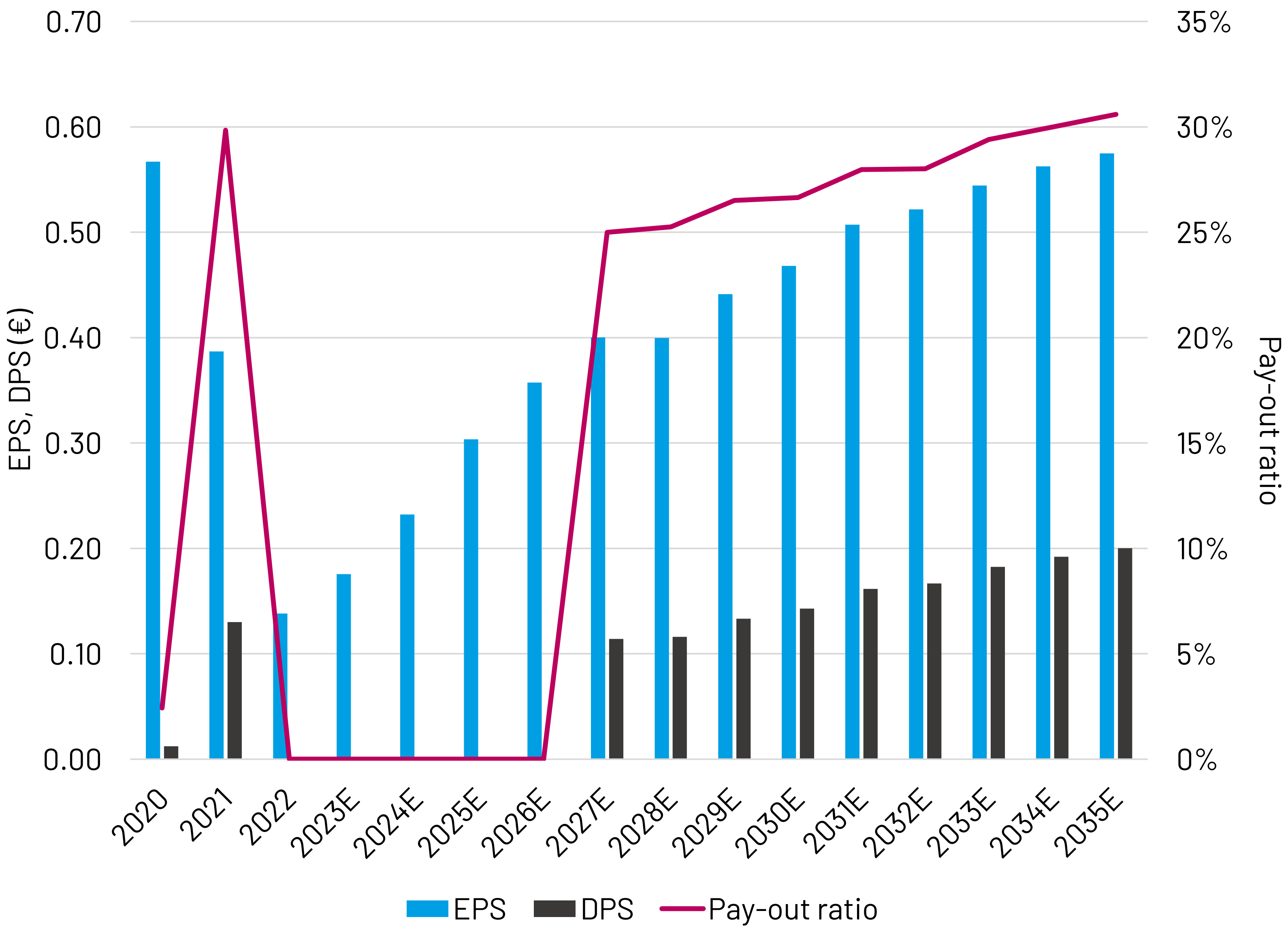
- After the Pandemic, the Company shifted away from its **bolt-on acquisitions strategy** and embraced a strategy focused on **sizable acquisitions** to enhance its competitive position in the market

EPS, DPS AND PAY-OUT RATIO

Halt in dividend distribution due to deleveraging priority

Index

- The remarkable increase of DPS in FY21 was propelled by the **extraordinary profits obtained during the Pandemic**
- In the short-term, the Company prioritizes a **deleveraging policy and interrupts the dividends distribution**
- We expect the Pay-out ratio to **restore and reach 30%, as GVS will completely recover from the huge decline experienced in the post-Pandemic years**



Source: team estimates

GVS vs INDUSTRY GROWTH

CAGR	23E-25E	26E-30E	31E-35E
Healthcare & Life Sciences	**4.18%**	**6.31%**	**3.61%**
Organic growth	4.18%	3.66%	2.75%
Inorganic growth	-	2.65%	0.86%
Energy & Mobility	**4.02%**	**3.33%**	**2.55%**
Organic growth	4.02%	3.33%	2.55%
Inorganic growth	-	-	-
Health & Safety	**8.42%**	**9.89%**	**4.18%**
Organic growth	8.42%	6.17%	4.18%
Inorganic growth	-	3.72%	-
Total GVS	**4.87%**	**6.55%**	**3.59%**
Organic growth	4.87%	4.83%	2.27%
Inorganic growth	-	1.72%	1.32%

Industry Proprietary Model

Global Filtration Market

CAGR	23E-25E	26E-30E	31E-35E
Healthcare & Life Sciences	**5.27%**	**4.60%**	**2.93%**
Energy & Mobility	**4.82%**	**4.18%**	**2.88%**
Health & Safety	**8.08%**	**6.15%**	**3.73%**
Total Market Growth	**6.10%**	**5.12%**	**3.20%**

Source: team estimates

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BALANCE SHEET

€M	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2035E
Intangible assets	101	101	100	91	228	495	483	477	473	468	464	514	509	626	660
Tangible assets	53	50	47	69	78	120	123	119	116	118	120	130	128	150	157
Other non-current assets	13	9	12	14	13	37	48	52	58	63	67	74	80	89	111
Total non-current assets	**167**	**160**	**159**	**174**	**319**	**654**	**653**	**649**	**647**	**648**	**651**	**718**	**717**	**864**	**928**
Inventories	30	33	31	46	72	107	90	89	88	89	92	97	100	106	116
Trade receivables	37	39	35	52	53	73	65	69	74	78	82	84	89	93	105
Other current assets	11	11	11	15	28	24	87	85	85	83	81	81	79	83	98
Cash & cash equivalents	42	46	59	125	137	135	146	158	168	202	217	230	276	293	614
Total current Assets	**121**	**129**	**136**	**238**	**290**	**339**	**388**	**402**	**414**	**453**	**473**	**493**	**545**	**575**	**933**
Total Assets	**288**	**289**	**295**	**412**	**609**	**993**	**1,041**	**1,050**	**1,062**	**1,101**	**1,124**	**1,121**	**1,262**	**1,439**	**1,861**
Total Equity	**58**	**71**	**94**	**243**	**295**	**328**	**365**	**415**	**481**	**553**	**611**	**660**	**721**	**783**	**1,118**
Non-current financial Liabilities	165	143	118	70	180	11	379	357	319	294	267	289	271	360	381
Other non-current Liabilities	9	8	13	14	21	118	92	91	91	91	80	84	86	94	113
Total non-current Liabilities	**174**	**152**	**131**	**84**	**202**	**129**	**471**	**447**	**410**	**385**	**347**	**373**	**357**	**454**	**495**
Trade payables	16	18	13	26	24	58	45	47	48	49	50	53	55	60	67
Current financial Liabilities	24	30	37	20	42	438	97	86	73	69	69	72	74	82	93
Other current Liabilities	15	19	20	40	46	40	63	54	50	45	47	52	54	60	89
Total current Liabilities	**56**	**66**	**70**	**86**	**112**	**537**	**205**	**187**	**170**	**163**	**166**	**177**	**184**	**202**	**249**
Total Equity & Liabilities	**288**	**289**	**295**	**412**	**609**	**993**	**1,041**	**1,050**	**1,062**	**1,101**	**1,124**	**1,121**	**1,262**	**1,439**	**1,861**

Source: Company data, team estimates

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INCOME STATEMENT

€M	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2035E
Healthcare & Life Sciences	95	101	115	159	180	245	288	299	313	326	339	352	365	417	497
Energy & Mobility	52	87	88	65	71	77	68	70	73	76	78	81	84	87	99
Health & Safety	18	20	24	139	87	65	71	77	83	89	95	117	124	130	161
Other Revenues	2	3	3	2	5	4	5	5	6	6	6	7	7	8	11
Total Revenues	**167**	**211**	**231**	**365**	**343**	**392**	**432**	**451**	**475**	**498**	**520**	**557**	**580**	**642**	**769**
Raw Materials	(47)	(62)	(68)	(89)	(96)	(141)	(141)	(143)	(146)	(150)	(155)	(167)	(172)	(191)	(233)
Personnel costs	(58)	(71)	(74)	(99)	(99)	(124)	(132)	(136)	(138)	(144)	(149)	(159)	(164)	(182)	(216)
Service costs	(25)	(23)	(23)	(36)	(37)	(55)	(56)	(58)	(60)	(63)	(65)	(70)	(72)	(79)	(93)
Other operating costs	(4)	(3)	(3)	(3)	(5)	(5)	(6)	(7)	(7)	(7)	(8)	(8)	(9)	(9)	(12)
EBITDA	**34**	**53**	**62**	**138**	**106**	**67**	**96**	**108**	**124**	**134**	**143**	**152**	**163**	**181**	**215**
EBITDAm	**20.16%**	**24.91%**	**26.98%**	**37.89%**	**30.99%**	**17.20%**	**22.27%**	**23.90%**	**26.07%**	**26.90%**	**27.57%**	**27.38%**	**28.05%**	**28.12%**	**28.01%**
Depreciation, amortisations and writedowns	(13)	(18)	(16)	(19)	(24)	(38)	(39)	(38)	(38)	(37)	(37)	(45)	(46)	(53)	(59)
EBIT	**20**	**34**	**46**	**119**	**82**	**29**	**57**	**69**	**86**	**96**	**106**	**107**	**117**	**127**	**155**
EBITm	**12.02%**	**16.01%**	**19.80%**	**32.58%**	**24.00%**	**7.39%**	**13.23%**	**15.39%**	**18.09%**	**19.34%**	**20.35%**	**19.22%**	**20.10%**	**19.83%**	**20.23%**
Financial income	0	3	3	0	10	15	5	5	5	5	5	5	5	5	5
Financial costs	(12)	(5)	(5)	(13)	(3)	(9)	(20)	(19)	(18)	(16)	(15)	(16)	(16)	(20)	(23)
Profit before tax	**8**	**32**	**44**	**106**	**90**	**35**	**42**	**56**	**73**	**86**	**96**	**96**	**106**	**112**	**138**
Income taxes	(2)	(9)	(11)	(28)	(22)	(11)	(11)	(15)	(20)	(23)	(26)	(26)	(29)	(30)	(37)
Net Income	**6**	**23**	**33**	**78**	**68**	**24**	**31**	**41**	**53**	**63**	**70**	**70**	**77**	**82**	**101**

Source: Company data, team estimates

TEAM ESTIMATES VS CONSENSUS

Our prudent approach is quite in line with consensus

Index

As of 25/03/2024

		FY23E	FY24E	FY25E	FY26E	FY27E
Revenues	**Team Est.**	427	446	470	**492**	**513**
	Consensus	427	445	470	**497**	**521**
EBITDAm	**Team Est.**	22.27%	23.90%	26.07%	26.90%	27.57%
	Consensus	22.27%	24.20%	26.74%	27.03%	28.02%

Source: Refinitiv, team estimates

For the near future we prudently expect a **gradual comeback to pre-Pandemic margins in FY26E.**

Our model foresees a **sizeable increase in Revenues**. Despite GVS falls behind market leaders, we expect an increase in Sales stemming from **favorable external conditions**.

Our prudence about the Company's ability to fully benefit from the positive landscape generates **estimates slightly lower than** those of the **consensus**.

DISCOUNTED CASH FLOW METHOD

3 Stages to value the company

Index

Stage 1

- Enlarging product portfolio in **Healthcare**
- Top-notch offer in **Safety**
- Investments rebound in **Mobility**
- Inorganic allows additional growth
- **Sales CAGR: 6.17%**

Stage 2

- Membranes reinforcement in **Healthcare**
- Leading position in **Safety**
- Diminishing relevance in **Mobility**
- **Sales CAGR: 3.59%**

Stage 3
(Perpetuity)

- GVS keeps benefiting from **Healthcare** and **Safety** exposure
- **Terminal growth of 2.5%** reflects market crowding and global economy projections
- **Sales CAGR: 2.50%**

2025E

NPV/share
€1.10 (17.12%)

2030E

NPV/share
€1.19 (18.54%)

2035E

NPV/share
€4.13 (64.34%)

6% FCFF CAGR 2025-35

Avg. WACC 8.25%

9.7% Ke

4.3% Kd

EV:
€1.3B

Source: team estimates

TARGET PRICE
€6.42

HOLD
+5.25% UPSIDE

DISENTANGLING OUR DCF

€M	2025E	2026E	2027E	2028E	2029E	2030E	2035E
Revenues	**470**	**492**	**513**	**550**	**572**	**634**	**757**
Operating Costs	**(351)**	**(364)**	**(376)**	**(404)**	**(417)**	**(462)**	**(553)**
EBIT	**86**	**96**	**106**	**107**	**117**	**127**	**155**
EBIT*(1-t)	63	70	77	78	85	93	114
D&A	38	37	37	45	46	53	59
Δ WC	(2)	(5)	(5)	(4)	(6)	(5)	(-)
CapEx	(30)	(33)	(36)	(35)	(39)	(42)	(59)
Standard FCFO	68	73	76	88	89	106	122
Acquisitions	-	-	-	(70)	-	(150)	-
Standard FCFF	68	73	76	18	89	(44)	122
Present Values	63	62	60	13	60	(27)	51
Target Price	**€6.42**						

Terminal Value €4.13 (64.34%)

Source: team estimates

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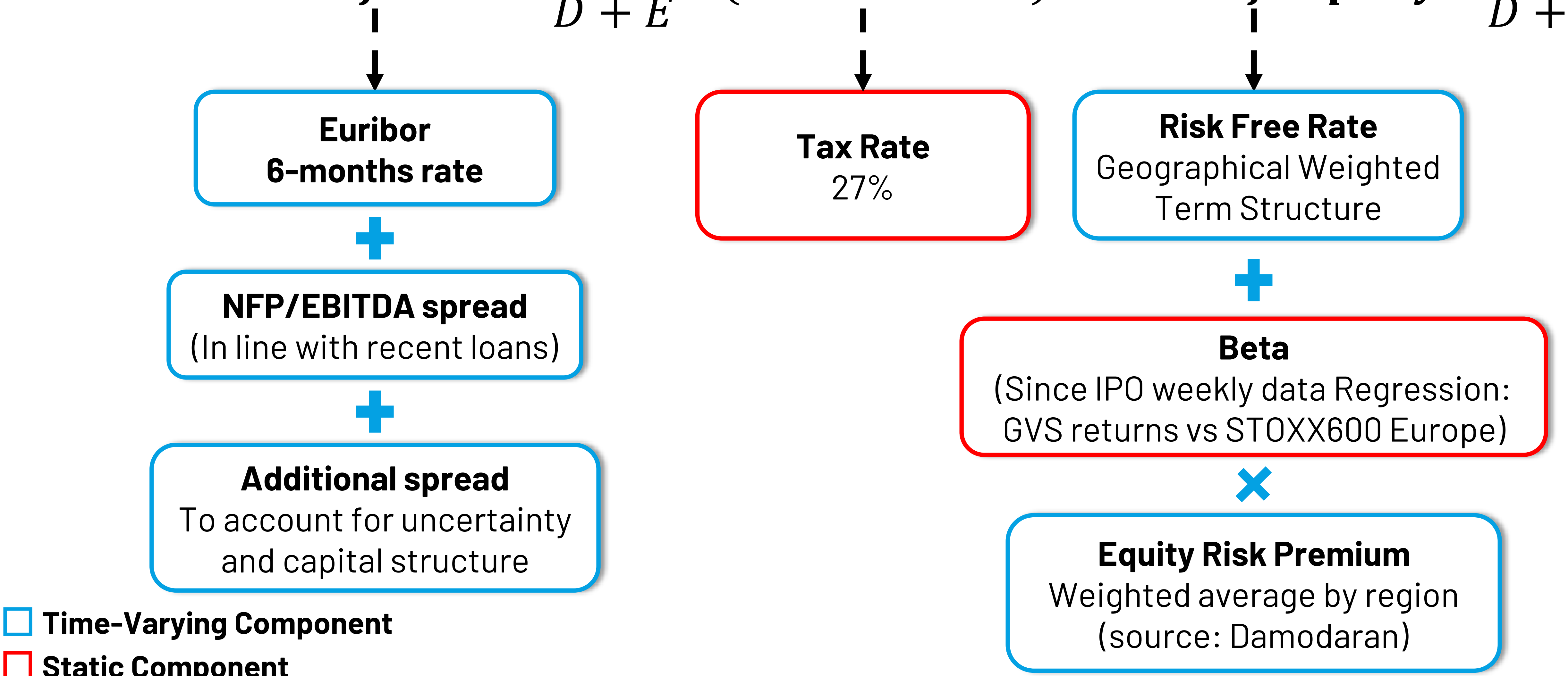
WEIGHTED AVERAGE COST OF CAPITAL (WACC)

A dynamic WACC which changes over time

$$WACC = Cost\ of\ Debt * \frac{D}{D+E} * (1 - Tax\ Rate) + Cost\ of\ Equity * \frac{E}{D+E}$$



Euribor
6-months rate

\+

NFP/EBITDA spread
(In line with recent loans)

\+

Additional spread
To account for uncertainty and capital structure

Tax Rate
27%

Risk Free Rate
Geographical Weighted Term Structure

\+

Beta
(Since IPO weekly data Regression: GVS returns vs STOXX600 Europe)

×

Equity Risk Premium
Weighted average by region (source: Damodaran)

🟦 **Time-Varying Component**
🟥 **Static Component**

A DYNAMIC WACC

A summary

Index

	2025E	2026E	2027E	2028E	2029E	2030E	2035E
Weighted risk-free rate	3.42%	3.30%	3.18%	3.10%	3.09%	3.11%	3.17%
Cost of Debt (Rd,Kd)	**4.41%**	**4.06%**	**4.14%**	**4.20%**	**4.25%**	**4.29%**	**4.48%**
Cost of Equity (Re,Ke)	9.80%	9.71%	9.62%	9.57%	9.59%	9.63%	9.80%
Equity Risk Premium (ERP)	6.65%	6.68%	6.71%	6.74%	6.77%	6.80%	6.91%
Beta	0.96	0.96	0.96	0.96	0.96	0.96	0.96
D/(D+E) Market Value	**26.84%**	**23.93%**	**21.40%**	**21.49%**	**19.76%**	**22.68%**	**19.61%**
E/(D+E) Market Value	**73.16%**	**76.07%**	**78.60%**	**78.51%**	**80.24%**	**77.32%**	**80.39%**
WACC	**8.04%**	**8.09%**	**8.20%**	**8.17%**	**8.30%**	**8.16%**	**8.52%**

Source: team estimates

A DYNAMIC WACC

Plotting the cost of capital

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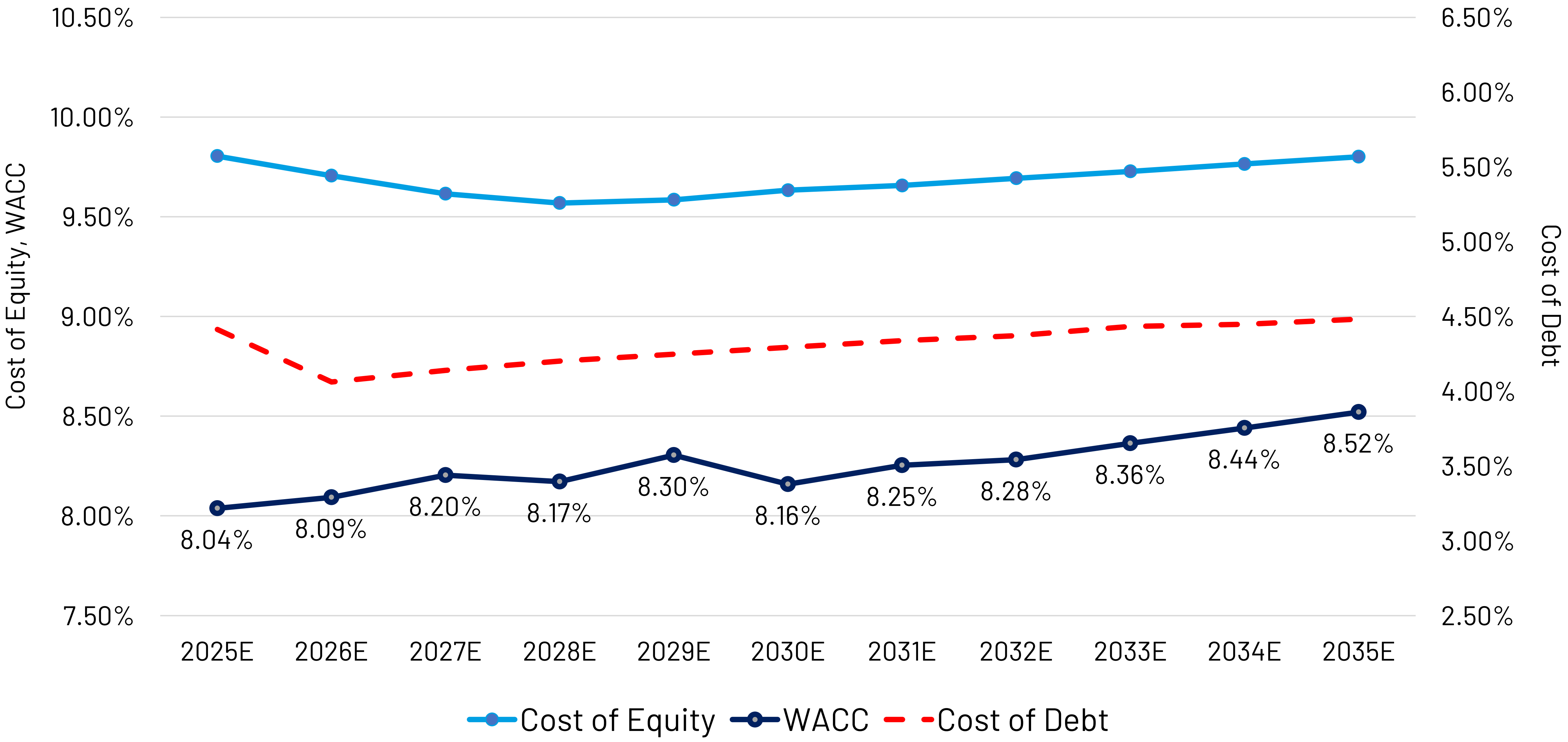

Source: team estimates

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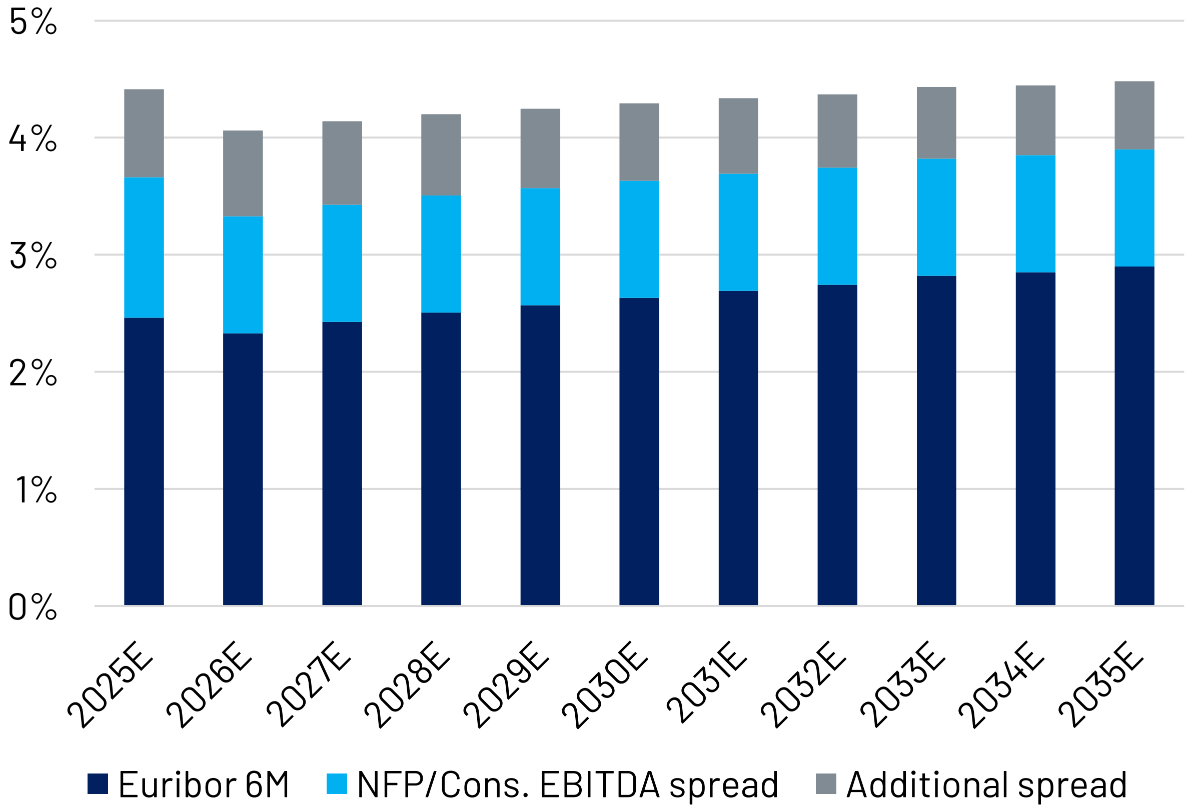
COST OF DEBT

Our future projections based on a financing conditions

To estimate the cost of debt we take into account the Company's **current financing conditions related to RPB and Haemotronic Club Deals.** Therefore, the interest payment is determined as the sum of 3 components.



Source: team estimates

THREE COMPONENTS:

■ **Euribor 6-month rate**

■ **NFP/Consolidated EBITDA Spread**

The spread moves in a range between

Minimum of 100bps *If ratio* < 1

Maximum of 245bps *If ratio* ≥ 4

■ **Additional Spread**

To incorporate the variability in the capital structure

THE MACROECONOMIC OUTLOOK

Euribor 6-months as the base-line of GVS' cost of debt

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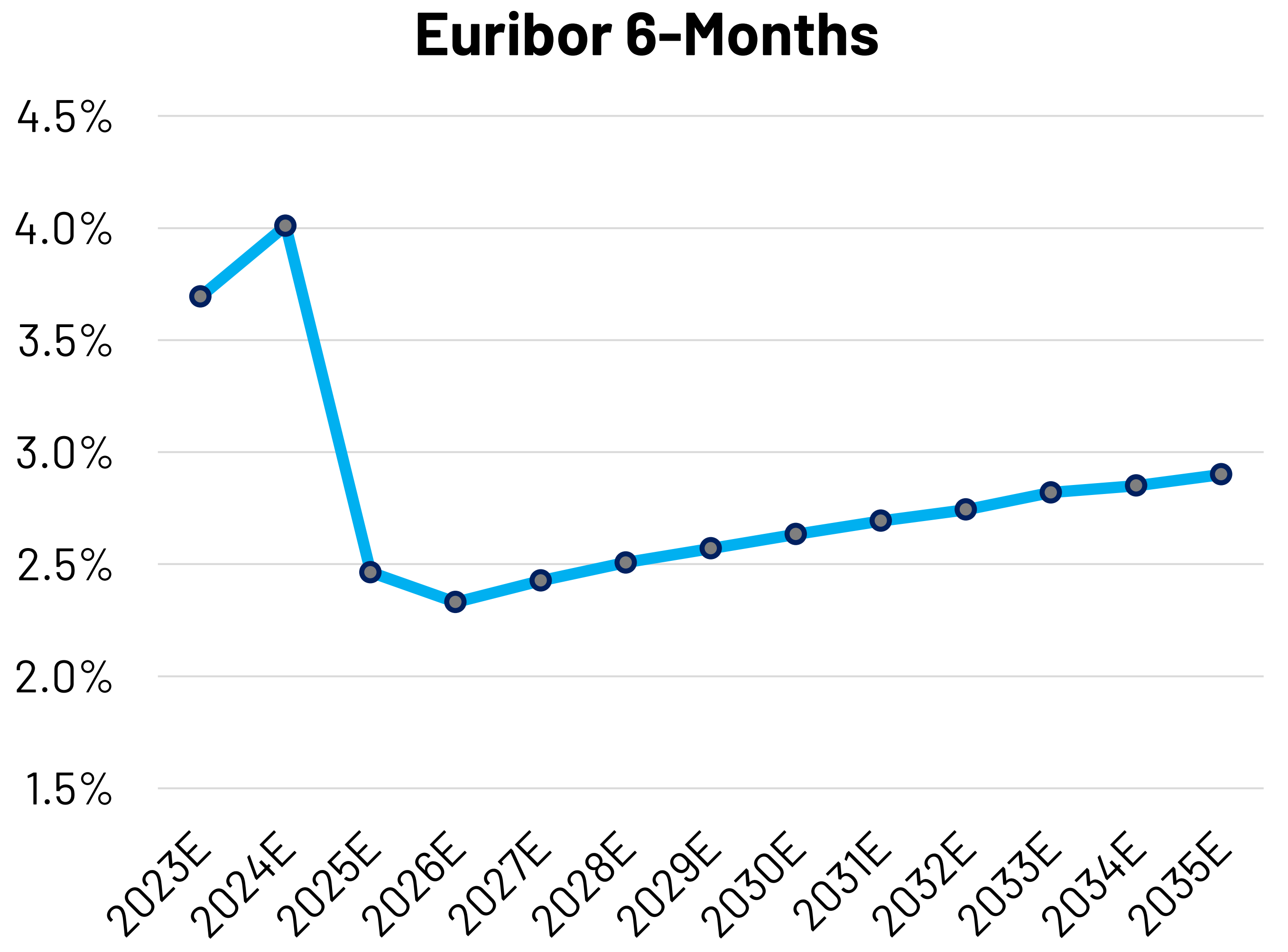


Source: Refinitiv

Our model incorporates current **macroeconomic conditions** using the Euribor 6M curve.

The pronounced **downward slope in the early years** indicates the expected **cuts in interest rates**.

With the **diminishing impact of inflation and future economic expansion**, long term yields are expected to **rise again**.

BETA ESTIMATION

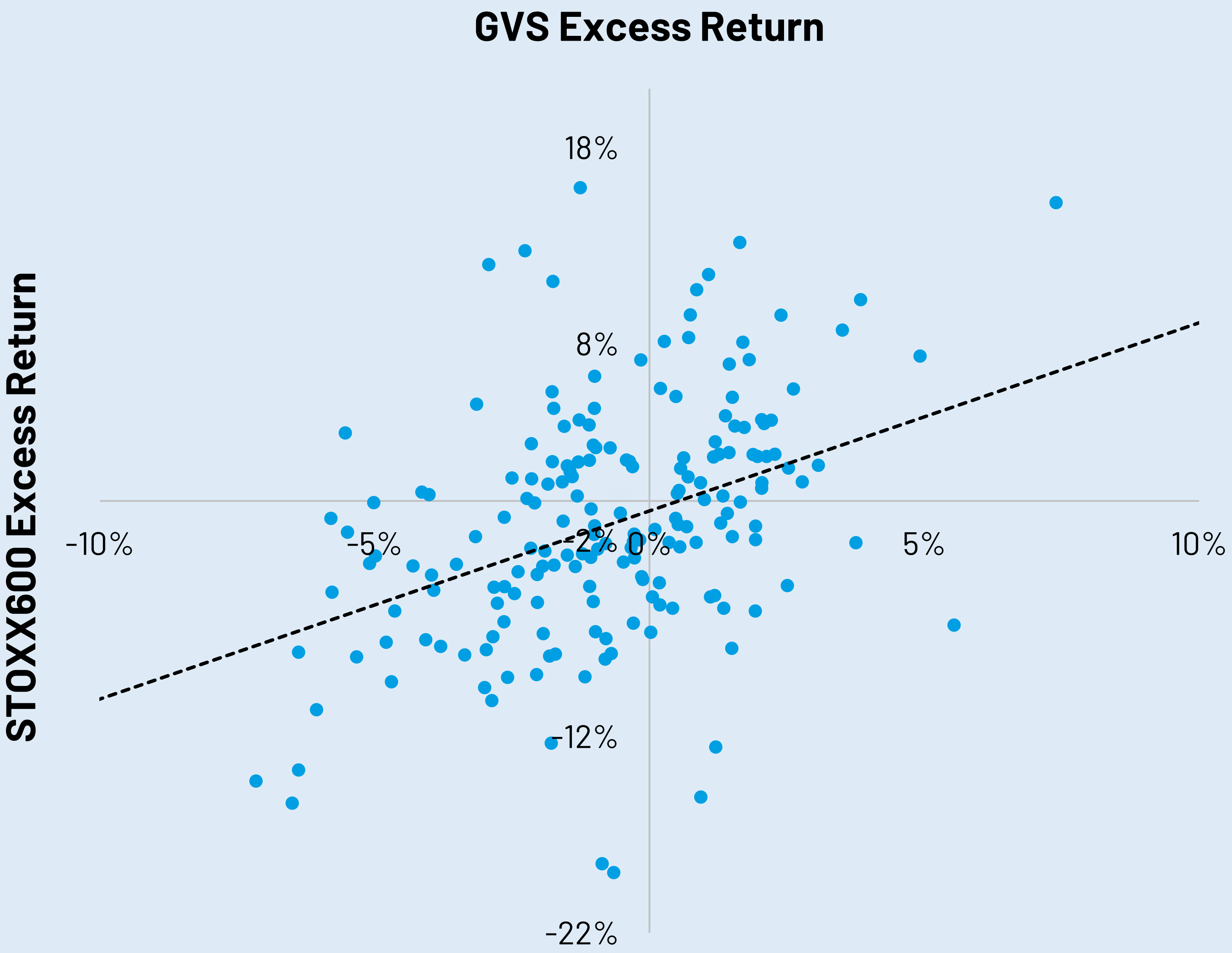
Our linear regression model at a glance

Index

Linear Regression of **4Y** (since IPO Date) of weekly observations of GVS **excess returns** on **STOXX600 Europe** excess return

Our Regression gives an estimated Beta equal to **0.96**

We considere **weekly observations** because they give us a more **robust estimation of Beta.**



Source: team estimates

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COST OF EQUITY

The Capital Asset Pricing Model determinants

CAPM

$$K_e = r_f + \beta_{GVS} * ERP$$

In our model we construct a **risk-free rate** by weighting T-Bills, German Bund, Asian Bonds, and OTC Bonds according to **GVS' geographical revenue breakdown.**

We obtain the Beta from a **linear regression** of 4Y (since IPO) of weekly observations of GVS excess returns on **STOXX600 Europe.**

An **Equity Risk Premium** that changes over time according to GVS geographical revenue breakdown.

COST OF EQUITY		**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2035E**
ERP	**Damodaran (2023E)**	6.65%	6.68%	6.71%	6.74%	6.77%	6.80%	6.91%
Europe	6.56%	29.43%	29.64%	25.73%	25.60%	25.47%	26.14%	30.08%
North America	5.00%	44.10%	43.66%	43.23%	42.79%	42.37%	41.94%	41.94%
Asia	10.87%	20.40%	20.61%	20.81%	21.12%	21.44%	21.76%	21.76%
Others	10.76%	*6.06%*	*6.09%*	*6.12%*	*6.15%*	*6.18%*	*6.21%*	*6.21%*
Beta (vs. STOXX Europe 600)		**0.96**	**0.96**	**0.96**	**0.96**	**0.96**	**0.96**	**0.96**
COST OF EQUITY (Ke, Re)		**9.80%**	**9.71%**	**9.62%**	**9.57%**	**9.59%**	**9.63%**	**9.80%**

Source: team estimates

SENSITIVITY: WACC & TERMINAL GROWTH

To investigate changes in the discount factors

Index

Δ WACC

Δ TERMINAL GROWTH RATE

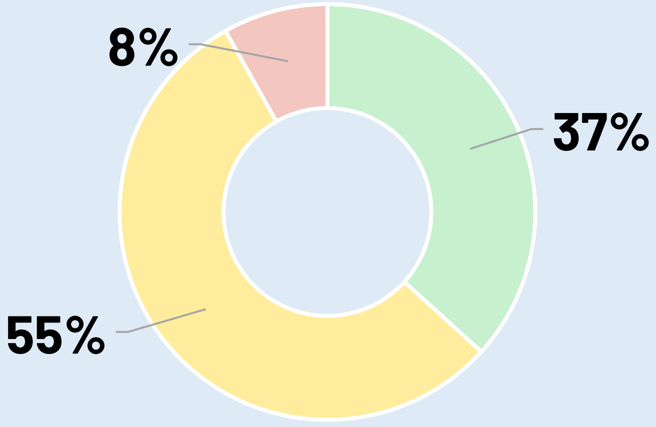
PRICE	-0.75%	-0.50%	-0.25%	**0%**	0.25%	0.50%	0.75%
0.75%	8.20	7.75	7.34	6.97	6.62	6.30	6.00
0.50%	7.93	7.51	7.13	6.77	6.44	6.14	5.85
0.25%	7.69	7.29	6.93	6.59	6.28	5.99	5.72
0%	7.46	7.09	6.71	**6.42**	6.13	5.85	5.59
-0.25%	7.25	6.90	6.57	6.27	5.98	5.72	5.47
-0.50%	7.06	6.69	6.41	6.12	5.85	5.59	5.35
-0.75%	6.88	6.56	6.26	5.98	5.72	5.48	5.24

Δ WACC

Δ TERMINAL GROWTH RATE

RETURN	-0.75%	-0.50%	-0.25%	**0%**	0.25%	0.50%	0.75%
0.75%	34.36%	27.08%	20.40%	14.24%	8.55%	3.28%	-1.61%
0.50%	30.02%	23.17%	16.87%	11.05%	5.65%	0.64%	-4.02%
0.25%	26.02%	19.57%	13.61%	8.08%	2.95%	-1.82%	-6.28%
0%	22.33%	16.22%	10.00%	**5.25%**	0.43%	-4.13%	-8.39%
-0.25%	18.90%	13.12%	7.74%	2.74%	-1.93%	-6.29%	-10.38%
-0.50%	15.72%	9.67%	5.10%	0.32%	-4.14%	-8.33%	-12.25%
-0.75%	12.76%	7.52%	2.63%	-1.94%	-6.23%	-10.24%	-14.02%

We perform a sensitivity analysis to highlight the impact that **perpetual WACC** and **long-run growth rate** have on the Target Price.



🟩 BUY 🟨 HOLD 🟥 SELL

The results highlight a **maximum drawdown of 14%** in case of large **adverse variations** in the parameters and **significant growth opportunities in case of positive variations**.

Source: team estimates

ROBUSTNESS CHECKS

To reinforce the validity of our model

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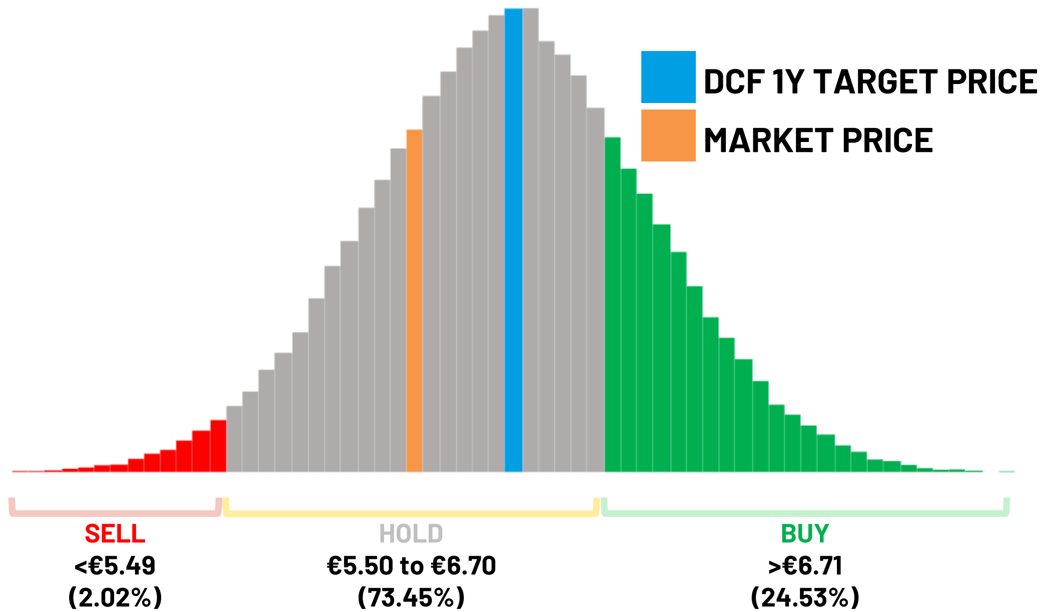
Monte Carlo simulation



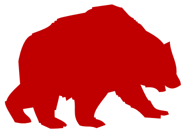
Parameters stressed Revenues – Raw Materials – Personnel costs - CapEx

Number of trials 100,000

Sensitivity analysis

				Δ WACC			
Δ TERMINAL GROWTH	-0.75%	-0.50%	-0.25%	**0%**	0.25%	0.50%	0.75%
0.75%	8.2	7.8	7.3	7.0	6.6	6.3	6.0
0.50%	7.9	7.5	7.1	6.8	6.4	6.1	5.9
0.25%	7.7	7.3	6.9	6.6	6.3	6.0	5.7
0%	7.5	7.1	6.7	**6.4**	6.1	5.9	5.6
-0.25%	7.3	6.9	6.6	6.3	6.0	5.7	5.5
-0.50%	7.1	6.7	6.4	6.1	5.8	5.6	5.4
-0.75%	6.9	6.6	6.3	6.0	5.7	5.5	5.2

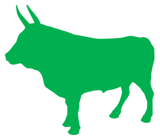
What-if scenario analysis



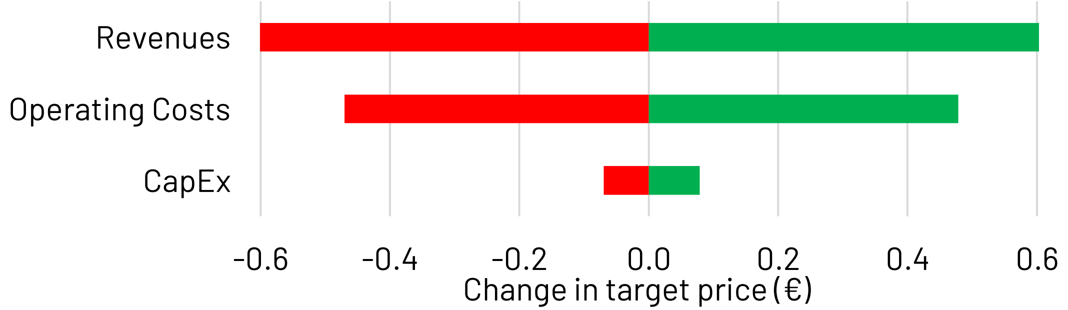
Aggressive M&A

vs

MedTech Transition



Tornado analysis



Source: team estimates

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WHAT IF SCENARIO: A COMPLETE TRANSITION TO MEDTECH

Bull Case: Strong upside, but too risky!

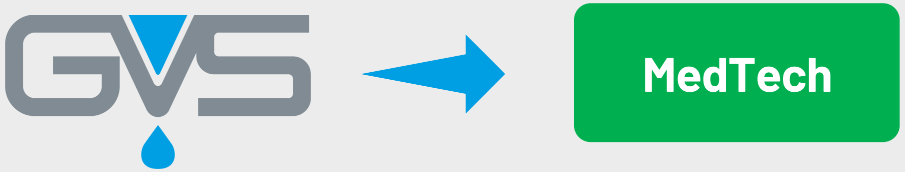
Assumptions:

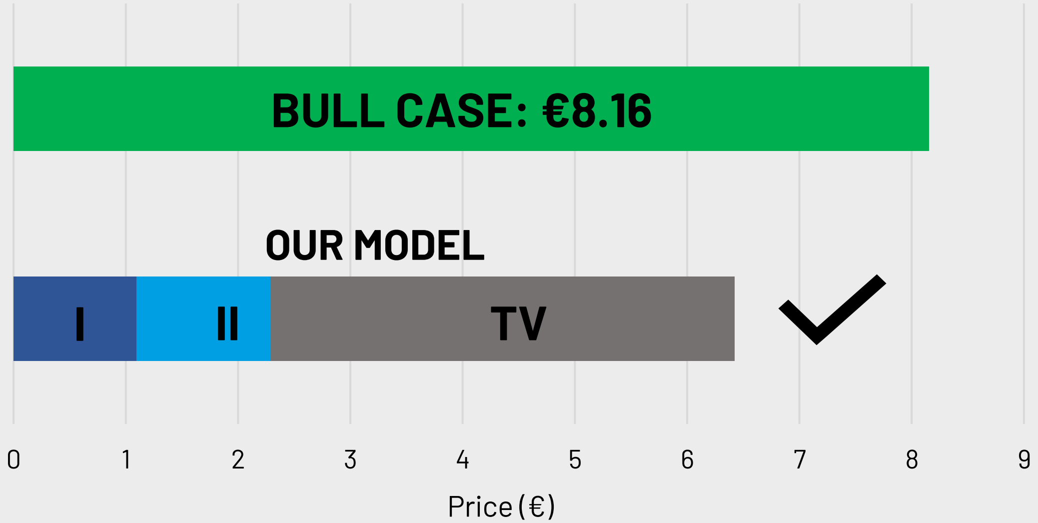
1. After facing an initial period of **strong deleveraging**, GVS should redefine its business model by **leveraging on R&D** to **distinguish its product offer** and **overcome its suboptimal positioning**.
   - Result: reinforcing its market share in the MedTech market

2. Another key catalyst would be **a further expansion in the Asian market**, strengthening its Healthcare & Life Sciences market (MedTech) share and abandoning other markets.

3. In addition, after the restoration of a viable capital structure, GVS could **restart its M&A track** by highly leveraging on the positive Healthcare momentum, **fully accomplishing the MedTech Transition**.

Our Bull-case scenario considers several factors that can **boost GVS' upside.** However, due to its **huge risk connected to a business model re-organization**, we deem it **not so much realistic with respect to our base case.**





Source: team estimates

WHAT IF SCENARIO: GVS' AGGRESSIVE M&A

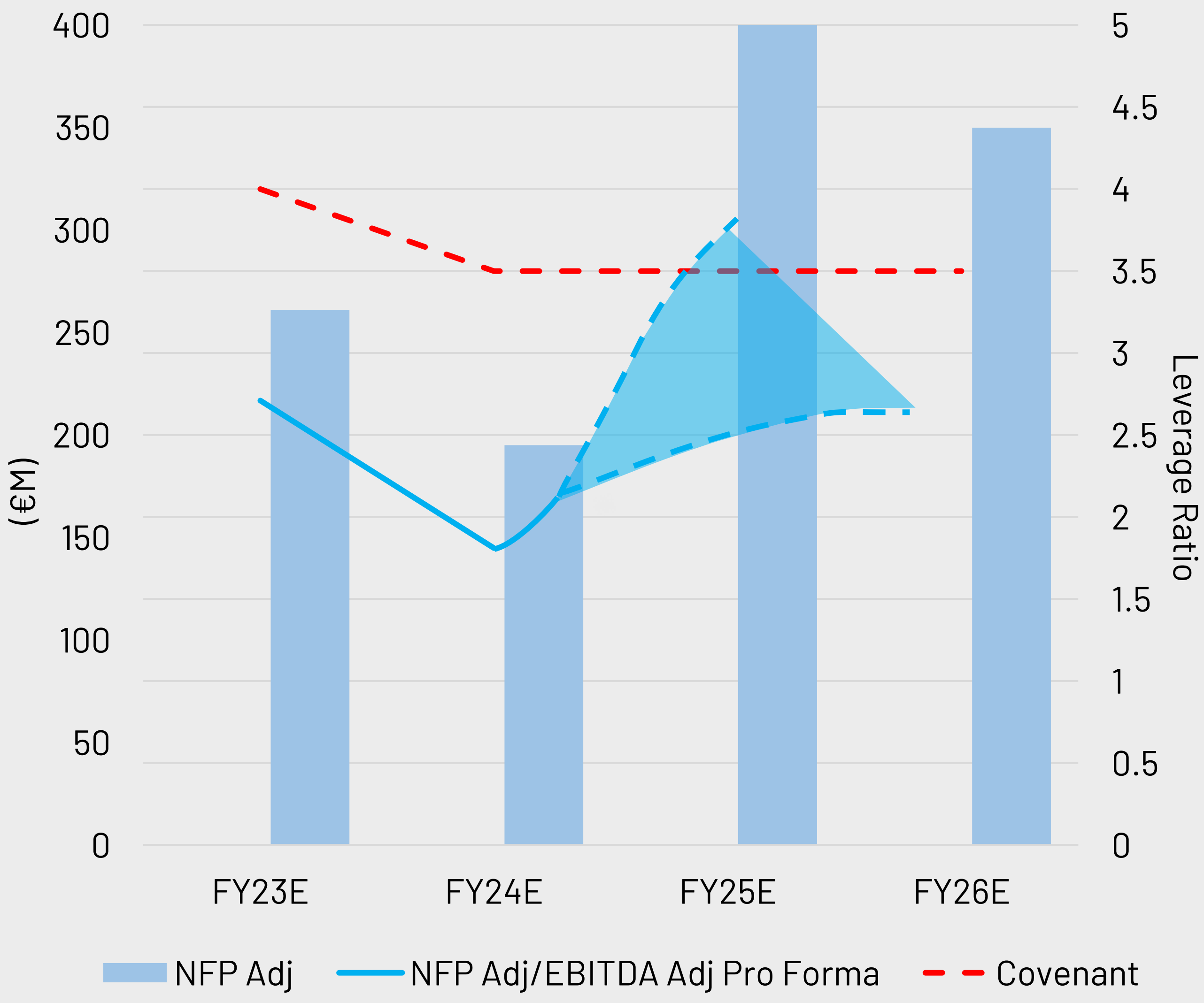
Bear Case: More Debt = Downside!

Index

Assumptions:

What if GVS **aggressively engages in acquisitions** in the immediate future?

1. It would require additional funds, renewing **pressure on the Leverage Ratio**. Then, a higher risk profile will result in an **increased WACC**.
2. Possible **failure of full extraction of synergies** would result in a cost structure that is not as efficient as expected.
3. Our recommendation would **still be HOLD**, yet with a revised **target price of €5.92 and a 3.58% downside**.



Source: team estimates

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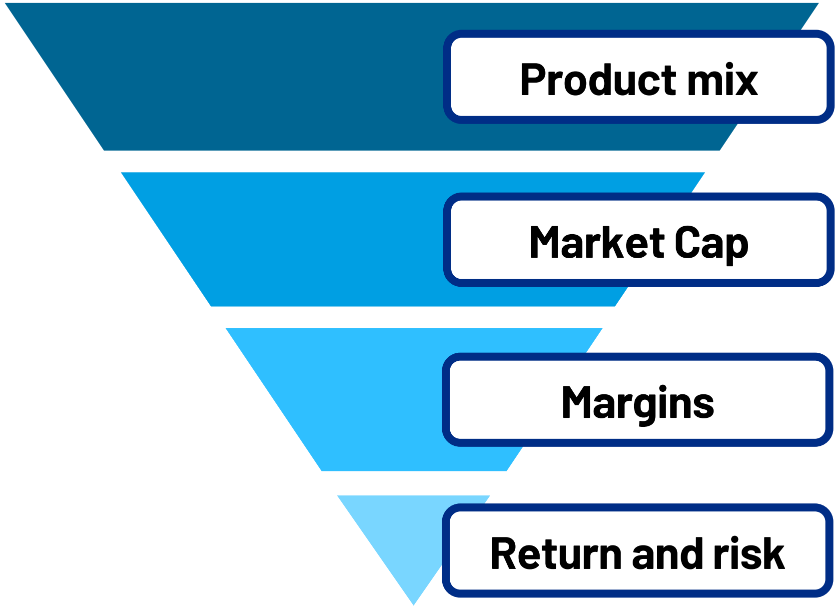
PROPRIETARY SCORING MODEL

A multi-dimensional process

Proprietary Scoring Model

Peers' Selection Process

MedTech + Industrial companies



15 Peers → **Relative Score**

Scoring Mechanism

1. We start by identifying peers from the Global Filtration market, spanning between **MedTech and industrials companies**

2. Our Proprietary Scoring Model assigns to each peer a different score, resulting from a weighted average based on 3 dimensions:
   - **50% Product Mix**
   - **25% Market Capitalization**
   - **25% Financial Metrics** (margins, returns, risk and leverage)

3. Each score reflects the **proximity to GVS' values**: higher the score, higher the proximity. As a result, we identify **15 comparables** to GVS

PEERS' SELECTION

MedTech Vs Industrial Peers

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Source: Refinitiv

GENERAL		SIZE & GROWTH			MARGINS		PROFITABILITY			RISK & LEVERAGE			CASH GENERATION		
Company Name	***Country***	***Market Cap (€)***	***Revenue (€)***	***Revenue CAGR FY19-22***	***EBITDAm***	***EBITm***	***ROA***	***ROE***	***ROFA***	***D/E***	***Net Debt to Total Capital***	***Beta 5Y***	***Price to Cash Flow***	***WC/ Sales***	***Capex/ Sales***
GVS SpA	**ITA**	**0.958B**	**0.387B**	**19.5%**	**17.2%**	**7.4%**	**3.0%**	**7.7%**	**7.7%**	**145.3%**	**103.3%**	**0.96**	**11.12**	**31.5%**	**5.9%**
MedTech Players															
HEALTHCARE & LIFE SCIENCES															
Becton Dickinson & Co	US	62.88B	17.45B	4.4%	25.7%	13.8%	2.9%	5.8%	7.7%	63.6%	58.4%	0.48	19.84	6.1%	5.2%
Danaher Corp	US	155.85B	29.93B	20.7%	34.7%	27.6%	8.6%	15.7%	24.4%	40.6%	283%	0.87	18.60	17.5%	3.7%
Medtronic PLC	US	105.26B	27.50B	1.2%	30.5%	22.0%	4.2%	7.2%	13.7%	47.4%	44.3%	0.76	18.70	37.3%	4.3%
Merck KGaA	DE	18.53B	22.23B	11.2%	31.8%	23.7%	7.1%	14.2%	19.4%	40.1%	33.0%	0.66	15.31	7.3%	8.1%
Sartorius AG	DE	21.93B	4,17B	31.7%	35.3%	28.4%	14.4%	41.7%	31.6%	127.7%	119.4%	0.89	19.07	5.6%	12.5%
Steris PLC	US	20.28B	3.94B	18.0%	27.1%	16.0%	0.9%	1.7%	2.1%	50.7%	47.2%	0.80	29.11	21.2%	6.3%
Industrial Players															
ENERGY & MOBILITY															
Atmus Filtration Technology	US	1.73B	1.48B	9.1%	12.6%	19.7%	11.2%	38.4%	60.3%	95.6%	71.1%	1.07	10.21	10.4%	2.1%
Donaldson Company Inc	US	6.85B	2.97B	5.2%	16.4%	13.4%	13.5%	29.2%	38.8%	49.7%	35.4%	1.09	17.22	19.1%	2.6%
Illinois Tool Works Inc	US	70.48B	15.15B	4.1%	26.3%	19.3%	23.8%	90.4%	67.2%	251.4%	228.5%	1.16	19.87	14.8%	2.6%
Parker-Hannifin Corp	US	54.07B	14.09B	3.5%	21.7%	7.5%	17.4%	21.7%	22.4%	122.6%	118.0%	1.50	17.45	13.9%	1.5%
HEALTH & SAFETY															
3M Co	US	55.04B	32.56B	2.1%	27.0%	12.4%	21.6%	28.8%	32.0%	108.9%	82,4%	1.02	8.93	16.8%	5.1%
Avon Protection PLC	UK	0.32B	0.24B	17.2%	14.7%	-4.7%	6.3%	-8.9%	-11.0%	37.0%	32.2%	0.31	51.39	30.6%	3,4%
Draegerwerk AG & Co KGaA	DE	0.91B	3.04B	3.1%	2.0%	7.8%	-2.7%	-5.0%	-7.3%	27.5%	4.5%	-0.13	8.43	28.6%	2.9%
Honeywell International Inc	US	121.43B	33.74B	-1.1%	23.3%	7.8%	19.9%	28.2%	24.4%	117.2%	56.7%	1.05	23.72	15.4%	2.2%
MSA Safety Inc	US	5.90B	1.45B	2.9%	21.3%	7.5%	17.7%	20.5%	21.8%	62.3%	43.5%	0.98	24.09	32.6%	6.9%

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FROM THE SCORE TO THE FINAL BASKET

Accounting for GVS' Revenues breakdown

STEPS:

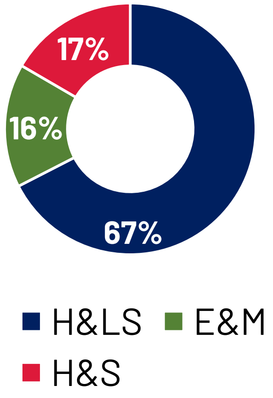
1. We start from the **score assigned to each peer** (see the Proprietary Scoring Model)

2. All comparables' scores belonging to the same divisions are **transformed into a relative weight**

3. Each relative weight is rescaled according to **the Revenues breakdown of GVS**, thus obtaining the final weight. In this way, MedTech peers - which proxy the Healthcare & Life Sciences division - receive a higher weight with respect to Industrial ones

Company Name	***SCORE (1)***	***RELATIVE WEIGHT (2)***	***FINAL WEIGHT (3)***
H&LS			
Becton Dickinson & Co	0.67	15.38%	10.38%
Danaher Corp	0.58	13.46%	9.08%
Medtronic PLC	0.67	15.38%	10.38%
Merck KGaA	1.33	30.77%	20.77%
Sartorius AG	0.42	9.62%	6.49%
Steris PLC	0.67	15.38%	10.38%
SUM		**100%**	**67.46%**
E&M			
Atmus Filtration Technology	1.33	30.77%	4.89%
Donaldson Company Inc	1.33	30.77%	4.89%
Illinois Tool Works Inc	0.58	13.46%	2.14%
Parker-Hannifin Corp	0.33	25.00%	3.97%
SUM		**100%**	**15.91%**
H&S			
3M Co	1.17	16.28%	2.70%
Avon Protection PLC	1.50	20.93%	3.48%
Draegerwerk AG & Co KGaA	2.33	32.56%	5.41%
Honeywell International Inc	0.75	10.47%	1.74%
MSA Safety Inc	1.41	19.77%	3.28%
SUM		**100%**	**16.63%**

Proprietary Scoring Model



Source: team estimates

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RELATIVE VALUATION

3 divisions in our model...

PEER GROUP		1Y Forward EV/EBITDA	1Y Forward P/E
Healthcare & Life Sciences (MedTech)	MERCK DANAHER SARTORIUS Medtronic STERIS BD	14x	21x
Energy & Mobility (Industrial)	Donaldson. FILTRATION SOLUTIONS Parker FILTERTEK Atmus	11x	17x
Health & Safety (Industrial)	Dräger MSA Honeywell 3M AVON	8x	14x

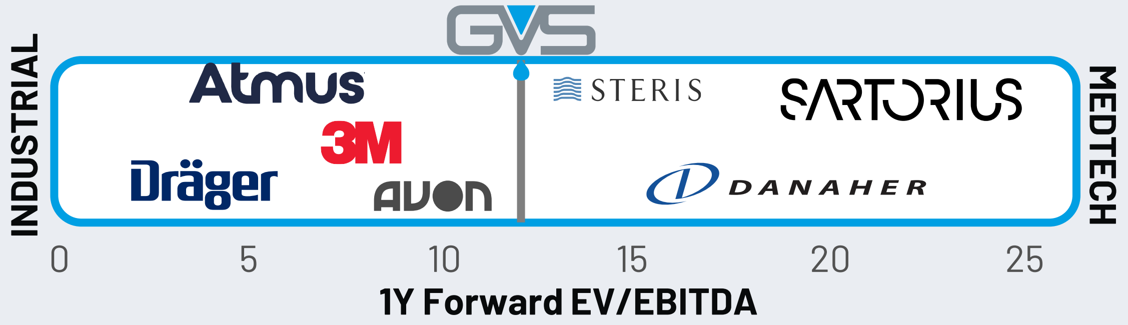
Source: Refinitiv, team estimates

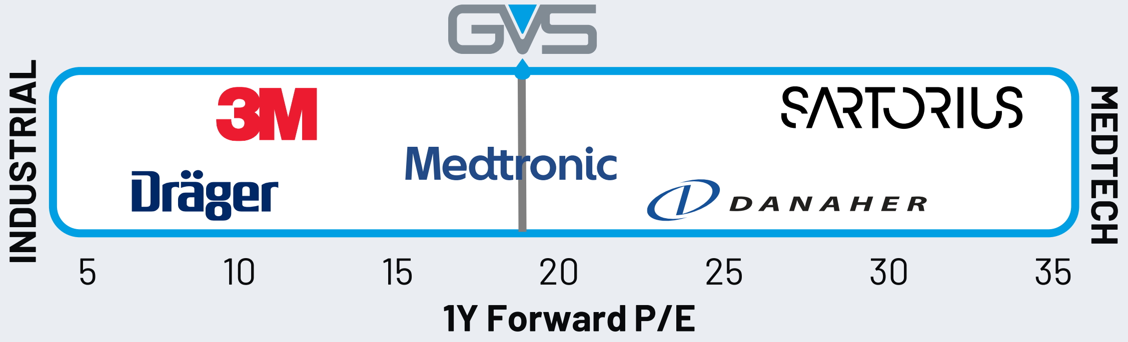
Peers' Average
EV/EBITDA
12.85x

Target Price
€6.64
(*+9% Upside*)

Peers' Average
P/E
19.34x

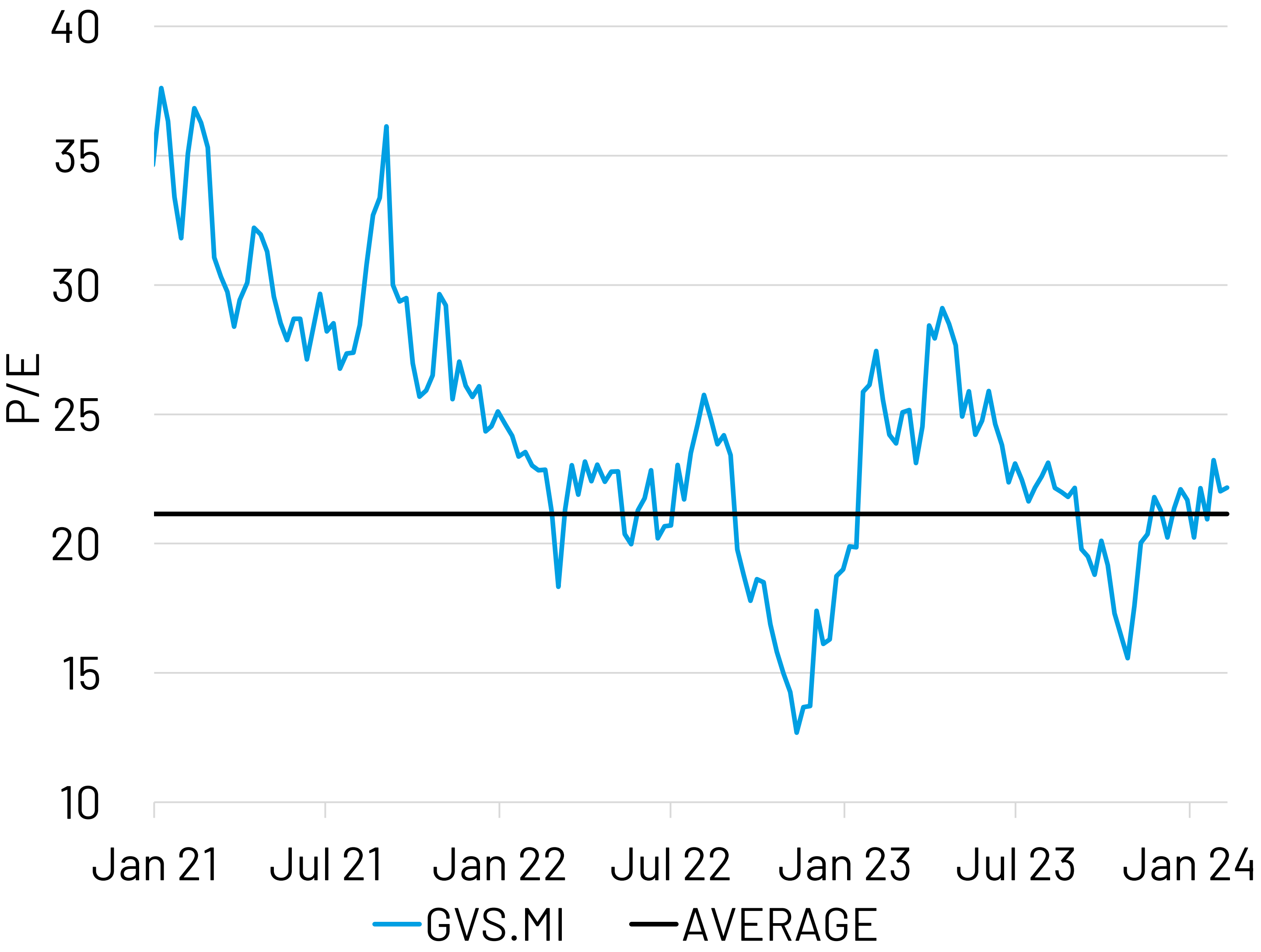
Target Price
€6.06
(*-0.7% Downside*)





HISTORICAL P/E MULTIPLE VALUATION

…to reinforce our DCF valuation



Source: Refinitiv, team estimates

To strengthen the reliability of our DCF recommendation, we conduct a supplementary valuation analysis using the **1Y Forward P/E Ratio**

We compute the target price based on its historical average. From the chart, **GVS' 3-years historical P/E Ratio** average is **21.14x.**

Applying this multiple to the 1Y Forward EPS of GVS we obtain a target price of **€6.55**, thereby confirming our **HOLD** recommendation

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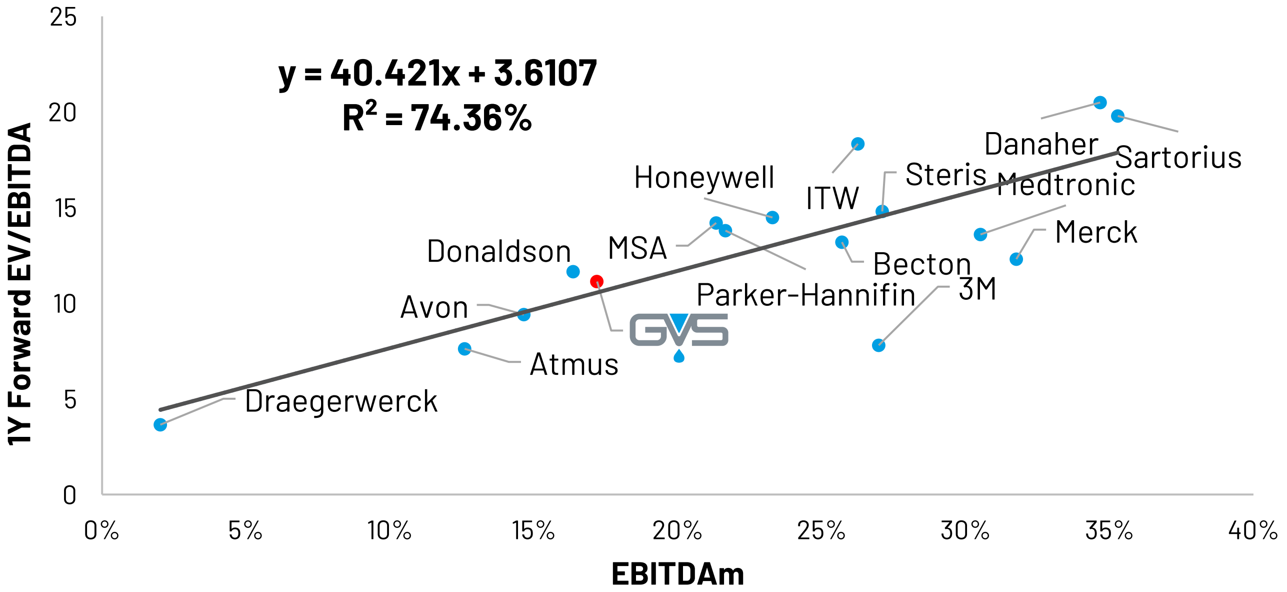
PREDICTIVE REGRESSIONS

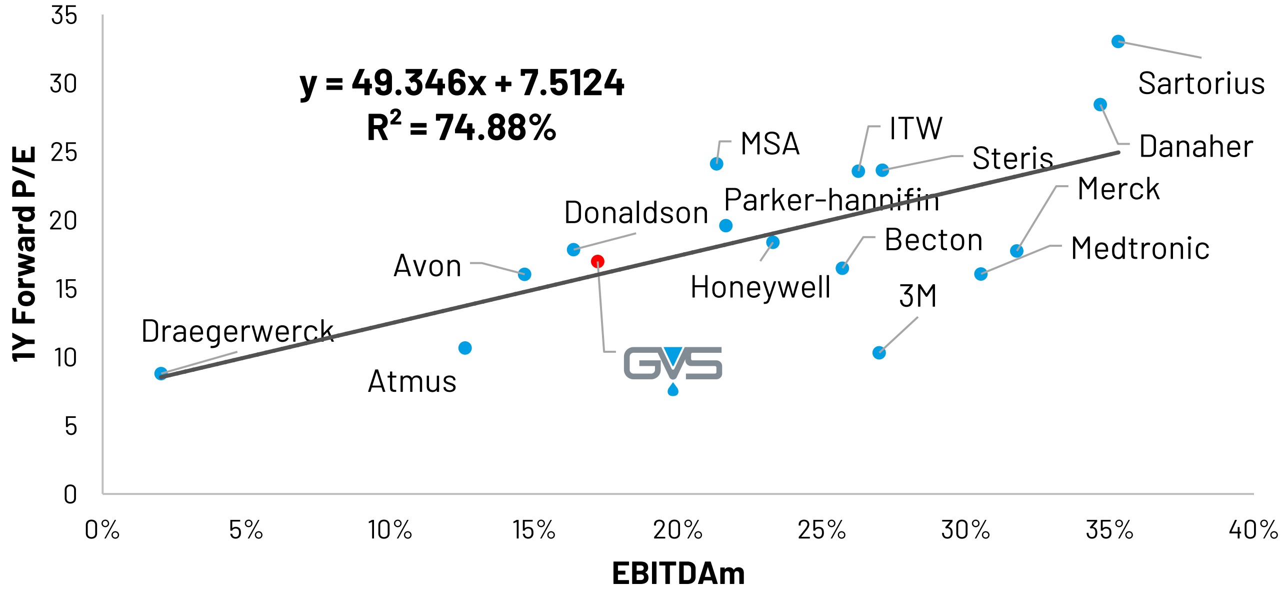
As a further sanity check...

To assess the predictive goodness of our model, we regress the 1Y Forward **EV/EBITDA and P/E** with the 1Y Forward **EBITDAm** of the peers.

We find a **strong relationship** between the variables, with an R² coefficient of **74.36% and 74.88%**, respectively.

Plugging the 1Y Forward EBITDAm, **both regressions reinforce our HOLD recommendation (6.54€ and 6.02€)**





Source: Refinitiv, team estimates

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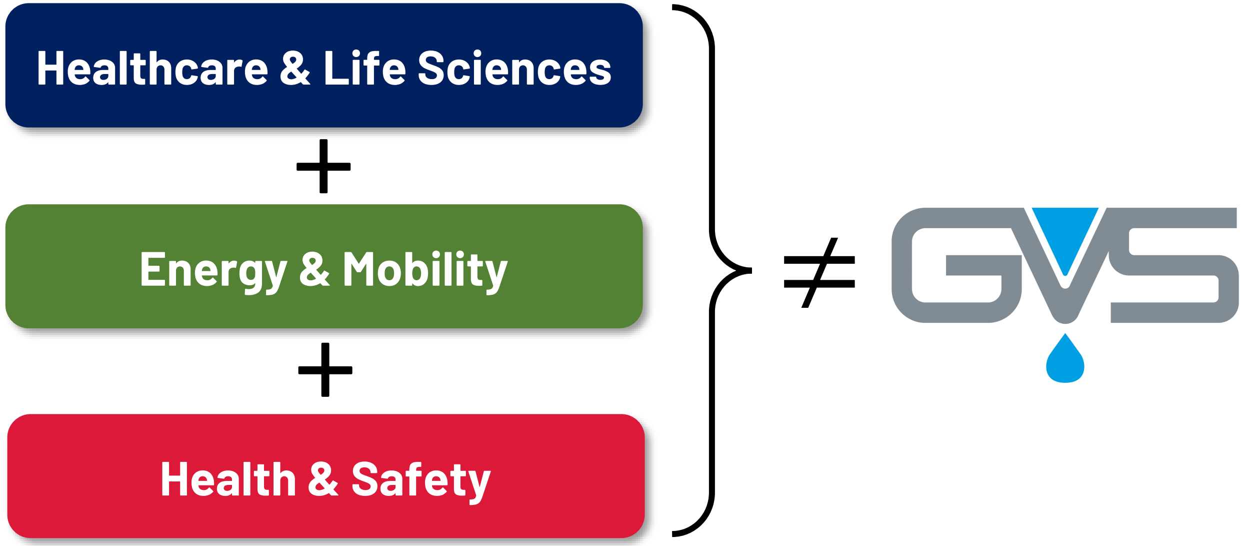
SUM OF THE PARTS (SOTP) LIMITS

A suboptimal approach...

DESCRIPTION:

The Sum Of The Parts (SOTP) valuation is an approach which values a firm by first assessing the value of each business segment separately and then adding them up to get the total value of the firm:



Healthcare & Life Sciences

+

Energy & Mobility

+

Health & Safety

≠ GVS

LIMITS:

1. **Absence of information**: The Company **does not disclose** any specific information about the marginality and profitability of each segment.
2. **Treatment of Synergies**: GVS actively engages in acquisitions to exploit synergies across divisions such as cost savings and cross-selling synergies. However, with a SOTP approach we might **underestimate GVS's ability to create value through these synergies**.

For these reasons, our valuation technique is 100% DCF based

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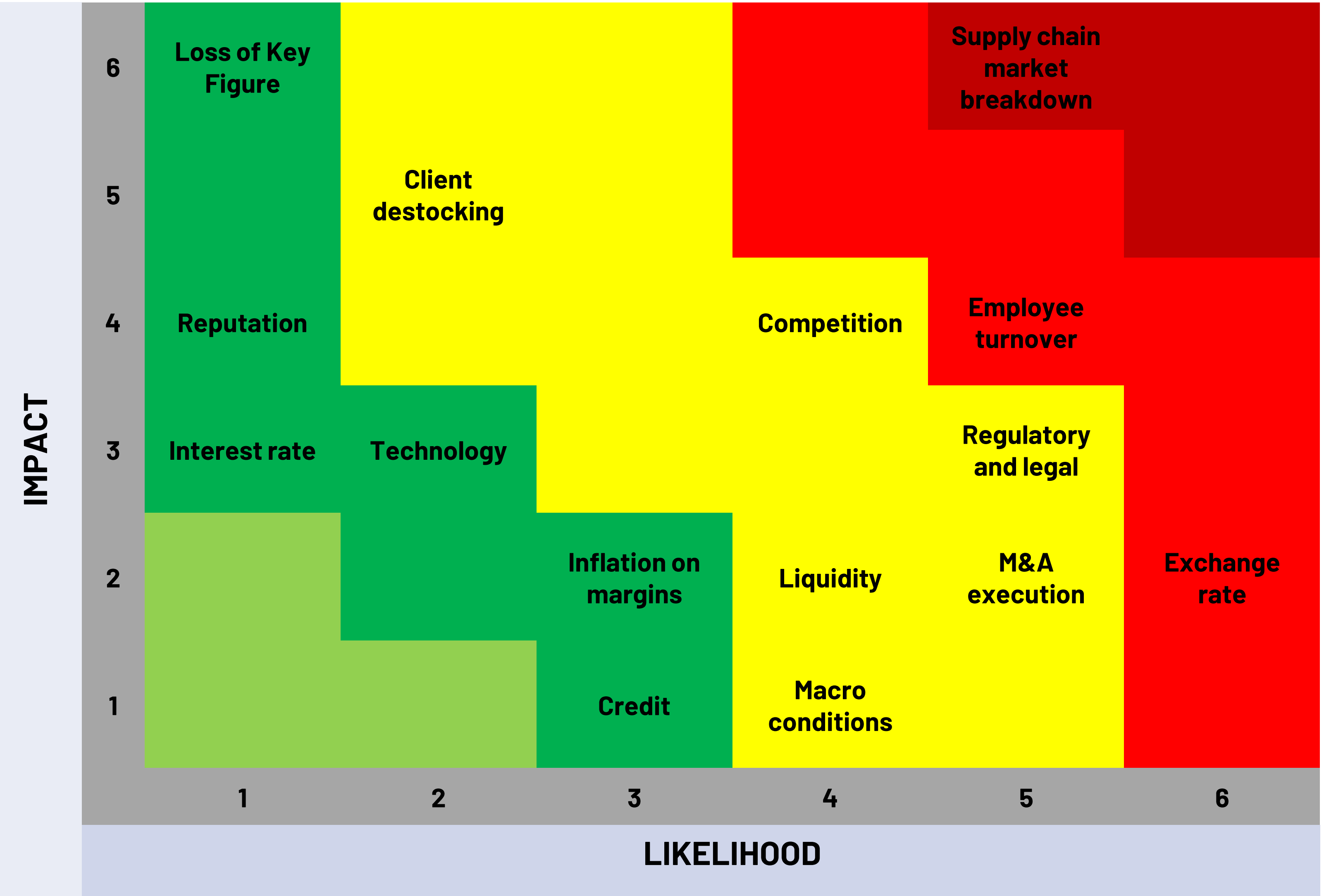
RISK FACTORS IN OUR VALUATION

A likelihood-impact matrix



IMPACT						
6	Loss of Key Figure				Supply chain market breakdown	
5		Client destocking				
4	Reputation			Competition	Employee turnover	
3	Interest rate	Technology			Regulatory and legal	
2			Inflation on margins	Liquidity	M&A execution	Exchange rate
1			Credit	Macro conditions		
	1	2	3	4	5	6

LIKELIHOOD

MARKET

- Interest rate risk
- Inflation risk on margins
- Macroeconomic conditions risk
- Supply-chain market breakdown risk

OPERATIONAL

- M&A execution risk
- Employee turnover risk
- Loss of key figure risk
- Client destocking risk
- Competition risk
- Technological risk

LEGAL

- Regulatory and legal risk
- Reputational risk

FINANCIAL

- Liquidity risk
- Exchange rate risk
- Credit risk

WORST-CASE SCENARIO

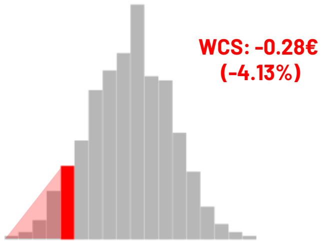
The impact on our target price

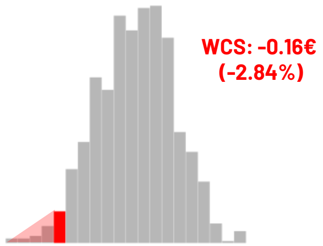
Index

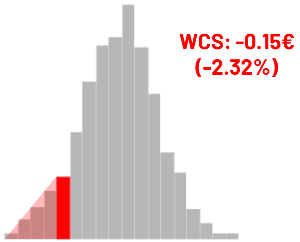
- Our analysis encompasses a wide set of variables, from market dynamics to regulatory shifts, ensuring the **understanding of the risks inherent in our investment thesis**

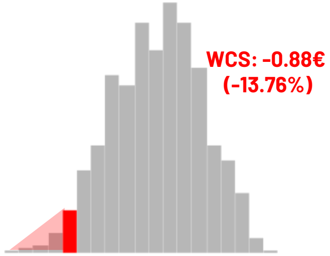
- We delve into the risk factors surrounding GVS, assessing their **likelihood and impact** on the Company's core financial metrics and ultimate target price

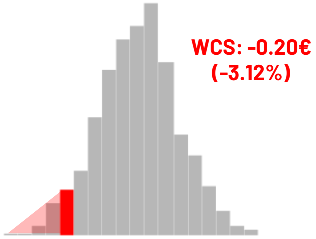
The Worst-Case scenario (WCS) analysis allows to obtain the **impact that each key driver has on the target price**

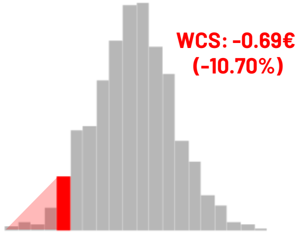

Interest Rate Risk

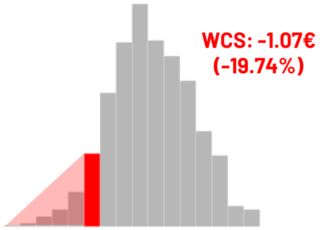

Inflation Risk on Margins

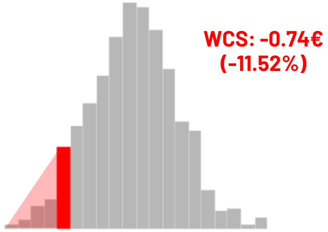

Macroeconomic Risk

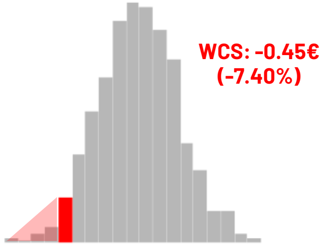

Supply-Chain Risk

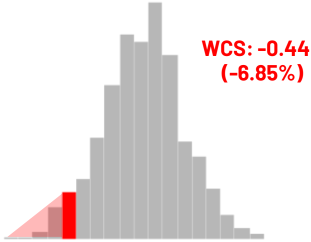

M&A Execution

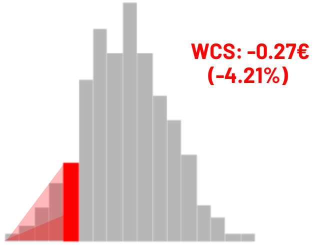

Employee Turnover Risk

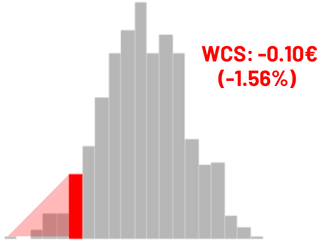

Loss of Key Figure


Client Destocking Risk


Competition Risk


Technological Risk

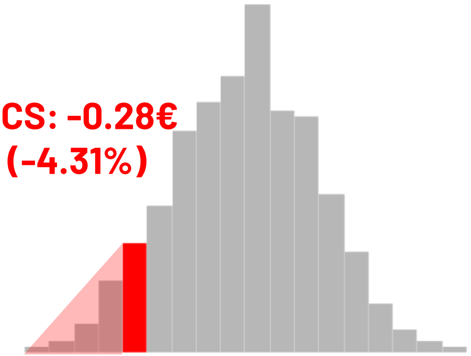
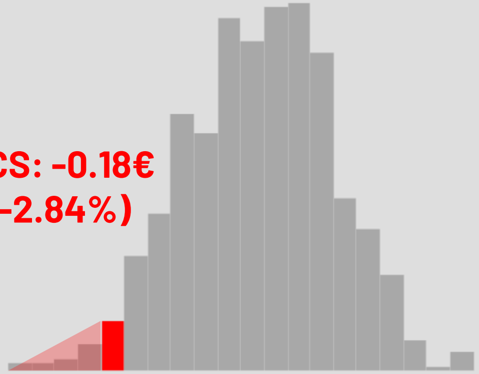

Exchange Rate Risk


Credit Risk

Source: Team estimates

MARKET RISKS 1

A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
INTEREST RATE RISK (LOW)	An increase in interest rates can unfavorably impact the **Company's funding costs**, which heavily relies on debt to finance acquisitions.	On several occasions in the past, the Company has engaged in **swap derivative contracts to convert floating into fixed rates**, offering protection against fluctuations in interest rates.	***WCS: +150bps Euribor***  WCS: -0.28€ (-4.31%)
INFLATION RISK ON MARGINS (MEDIUM)	Risk that current high levels of inflation and prices dynamics uncertainty can affect the Company. GVS is susceptible to this risk due to its dependence on **personnel expenses and raw materials purchases** (accounting for 30% and 36% of FY22 Revenues respectively).	The Group could potentially harmonize this risk by leveraging on its internal synergies, fostering a more **vertically integrated organizational structure** (ex. Maine Manufacturing acquisition in 2012). Moreover, the Company shows a valuable **elasticity in sales pricing** as it promptly reflects alterations in raw materials purchase costs implementing a slight increase in prices (+5% in FY23E).	***WCS: -200bps EBITm***  WCS: -0.18€ (-2.84%)

Source: Team estimates

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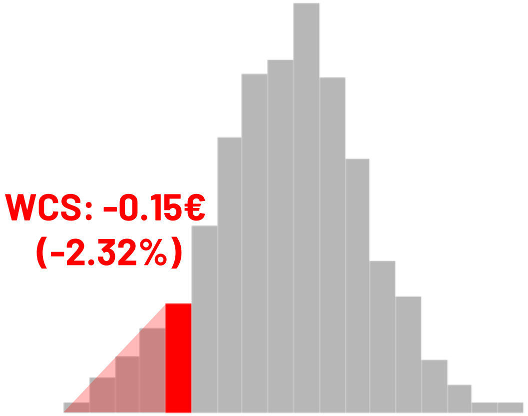
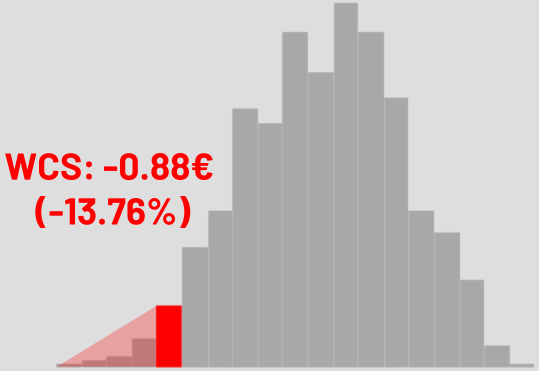
MARKET RISKS 2

A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
MACROECONOMIC RISK (MEDIUM)	The Group's performance is tied to the prevailing **global economic dynamics**, particularly within key regions (Europe, US, South America and China). A protracted **economic downturn** can induce a substantial **contraction in the demand** for the Company's products.	This risk remains **non-mitigable** given that the main customers comprise companies which are in turn sensitive to global challenges (particularly in E&M). The Company could sharpen its focus on the **Healthcare sector** (with lower sensitivity to macroeconomic fluctuations), and further **diversifying its products across various geographical areas.**	***WCS: +100bps Cost of Debt*** 
SUPPLY CHAIN MARKET BREAKDOWN RISK (HIGH)	Any disruption in the **availability of essential components and materials** would have a detrimental impact on the production of specific products. In cases where authorized products face shortages, **new approvals may be needed to use replacement components**.	To prevent shortages, each production plant maintains a **stock of raw and semi-finished materials, providing coverage for approximately one month**. Moreover, as accomplished in the recent plastic supply crises, the Company sourced materials from Chinese manufacturers, showcasing the **advantages derived from its diversified geographical presence**.	***WCS: +150bps Raw Material purchase*** 

Source: Team estimates

OPERATIONAL RISKS 1

A WCS analysis on target price

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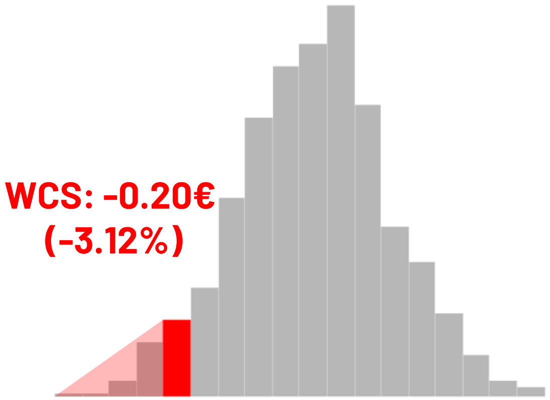
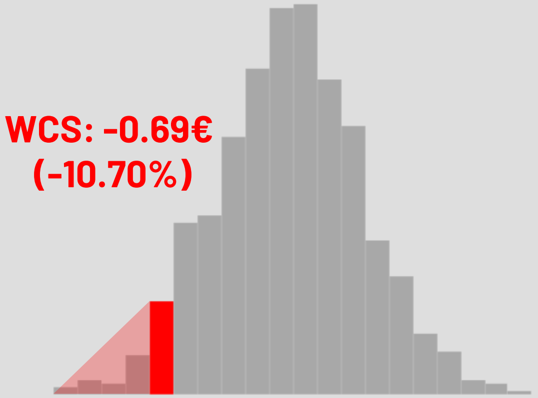
RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
M&A EXECUTION RISK (HIGH)	This risk is linked to the challenge of either **integrating acquired companies** or identifying underperforming businesses during the **target selection process**. Companies' acquisitions might not always result in the expected efficiency and synergies, and the harvest of their **integration may take time** to be fully reaped, leading to unforeseen losses.	Prudent management of this risk entails a **meticulous analysis of target companies** through a Due Diligence process, with a particular emphasis on evaluating potential synergies. Drawing upon the **Company's past experience and a solid track record in M&A**, GVS is capable to approach such decisions in a conscientious and careful way.	***WCS: -125bps EBITDAm*** 
EMPLOYEE TURNOVER RISK (HIGH)	The inability to **retain highly qualified personnel** can be a significant challenge for the Company. Losing skilled and experienced employees can lead to **disruptions in productivity,** increased recruitment costs and **loss of know-how**.	GVS aims at cultivating enduring relationships with key members and talented individuals by implementing **performance-based compensation structures**, providing **training opportunities** and highlighting avenues for **professional growth**.	***WCS: +150bps Personnel costs*** 

Source: Team estimates

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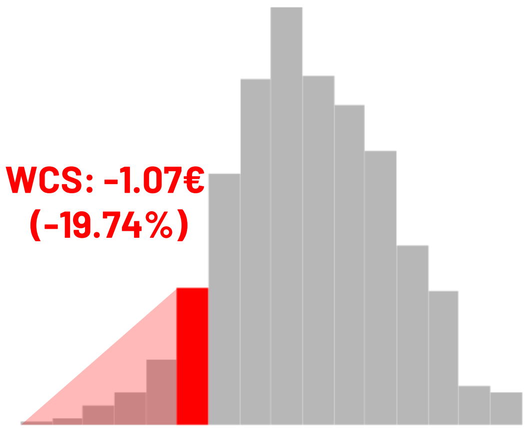
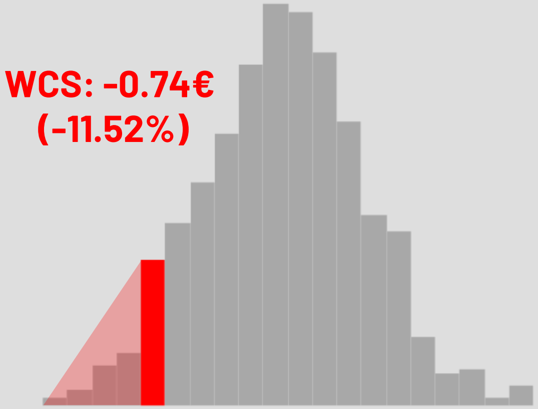
OPERATIONAL RISKS 2

A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
LOSS OF KEY FIGURE RISK (LOW)	The departure of key figures, particularly if this involves the CEO, could lead to a loss of trust among clients and suppliers. GVS is characterized by the **highly concentrated Scagliarini Governance system**, wherein 60% of shares and 73.68% of voting rights are firmly held in the family's hands.	The **enduring dedication of the family** to the Company acts as a substantial mitigating factor, as it is unlikely for the entire family to collectively opt for abandonment. To address this potential scenario, GVS approved a **Contingency Plan**, which defines how to manage the **transitional period of absence of the CEO**.	***WCS: +100bps WACC*** 
CLIENT DESTOCKING RISK (LOW)	**Weak market demand** poses a substantial threat to the Group's stability, **as witnessed in FY22** with the client destocking. Following two years of unprecedented Pandemic-related growth, the swift **normalization of demand has resulted in a decline in orders** for many manufacturers operating in the Healthcare and Mobility industries.	Regrettably, this risk is inherently **non-mitigable** as it closely mirrors the undulating **nature of the business cycle**. However, it is important to underline that this is a **low probability event**, given the ongoing recovery of the whole economy.	***WCS: -2.5% Revenues*** 

Source: Team estimates

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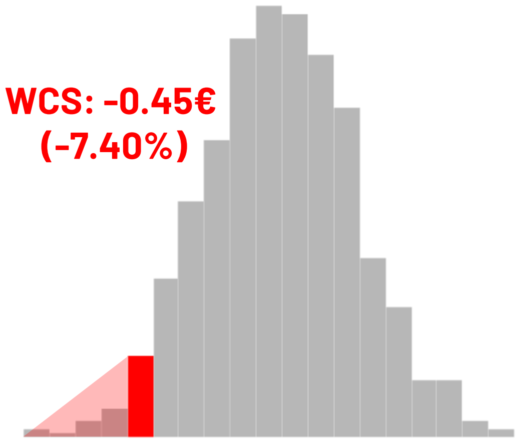
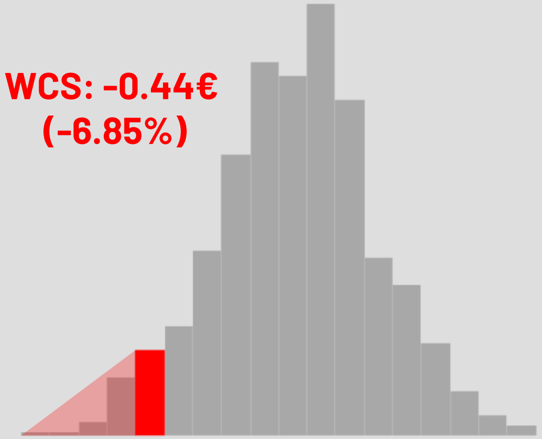
OPERATIONAL RISKS 3

A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
COMPETITION RISK (MEDIUM)	Despite the **Company's strategic presence in market niches**, the risk of **specialized competitors** poses a significant challenge. Further risks could arise from a change in the competitive environment (further consolidation in the market or new competitors' entrants), heightening **competitive pressures**.	GVS mitigates this risk by leveraging on existing **patents that safeguard the design and technological aspects** of their products, as well as **trademarks that support the brand recognition**. Moreover, the Company has strategically pursued **acquisitions**, **thus fortifying its market position** and opening new potential synergies.	***WCS: -1.50% Market Share*** 
TECHNOLOGICAL RISK (LOW)	Innovation is fundamental in all Filtration related business sectors. The failure to **provide cutting-edge technologies** or a deficiency in **fostering innovation** could prove detrimental to the Group's competitive position. The possibility of **introducing a new offering behind competitors** holds the potential for economic and financial repercussions.	Sustaining a **proactive approach in developing new products** remains imperative for the Group to consistently elevate customer satisfaction and maintain a competitive edge. GVS aims at **following new market trends and improving existing products**.	***WCS: -75bps Terminal Growth*** 

Source: Team estimates

M&A EXECUTION RISK

A WCS analysis on target price

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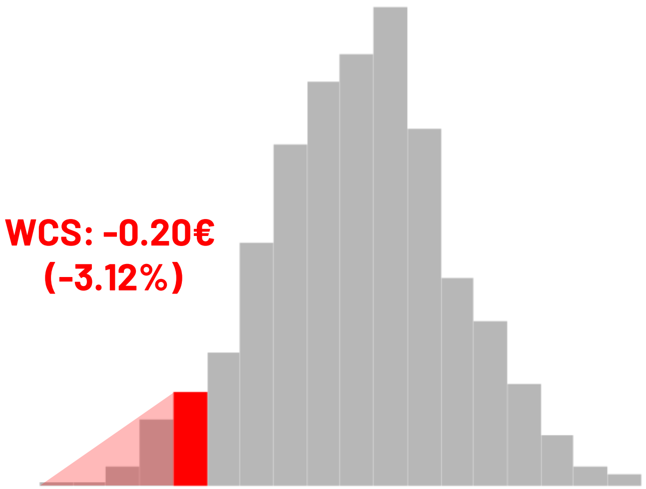
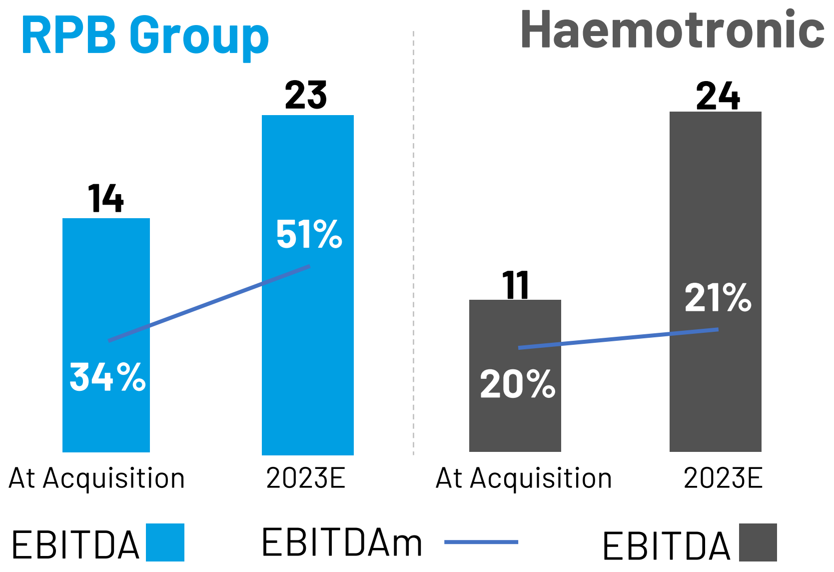
RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION
M&A EXECUTION RISK (HIGH)	This risk is linked to the challenge of either **integrating acquired companies** or identifying underperforming businesses during the **target selection process**. Companies' acquisitions might not always result in the expected efficiency and synergies, and the harvest of their **integration may take time** to be fully reaped, leading to unforeseen losses.	Drawing upon **a solid track record in M&A**, GVS is capable to approach such decisions in a conscientious and careful way.

WCS: -125bps EBITDAm



EBITDAm dynamic



Source: Team estimates

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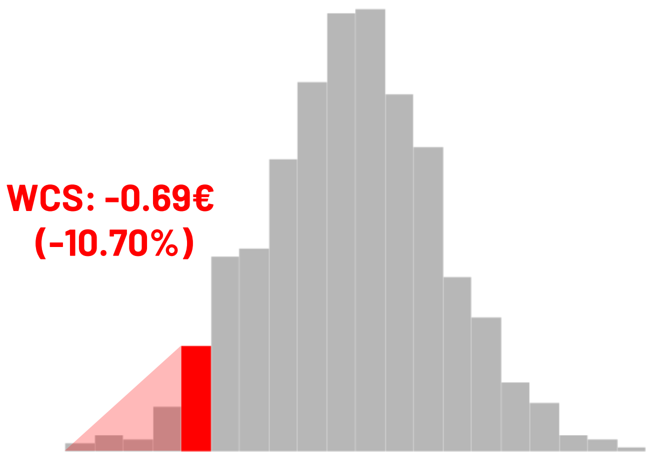
EMPLOYEE TURNOVER RISK

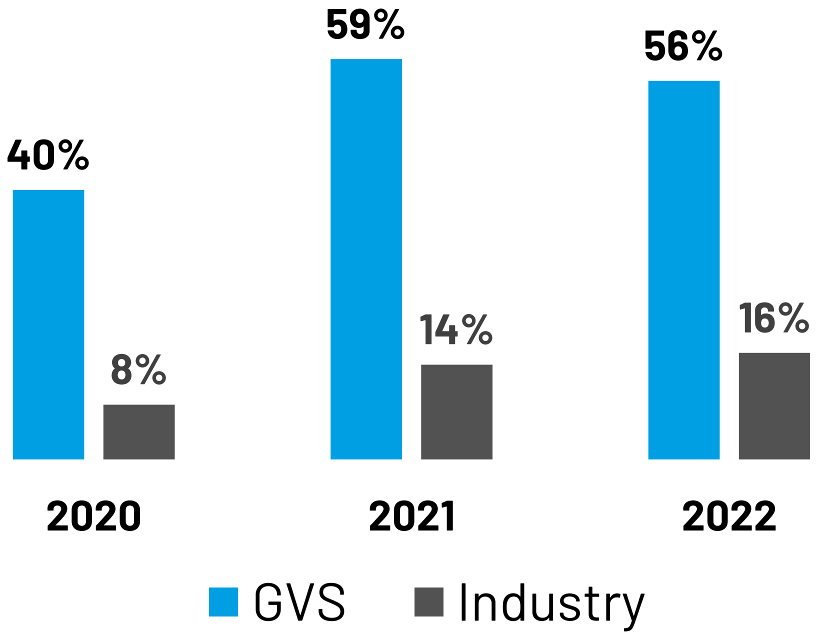
A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION
EMPLOYEE TURNOVER RISK (HIGH)	The inability to **retain highly qualified personnel** can be a significant challenge for the Company. Losing skilled and experienced employees can lead to **disruptions in productivity,** increased recruitment costs and **loss of know-how**.	GVS aims at cultivating solid relationships with its employees by implementing **performance-based compensation structures**, providing **training opportunities** and highlighting avenues for **professional growth**.

WCS: +150bps Personnel costs



Employee turnover rate



Such high values are mainly due to Pandemic-contract resolution and workforce reorganization program from recent acquisitions

Source: Team estimates

LEGAL RISKS

A WCS analysis on target price

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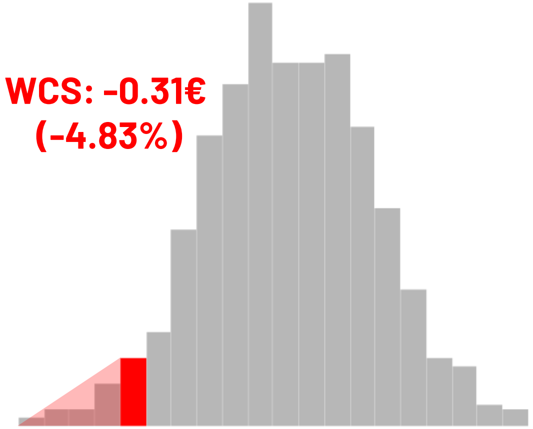
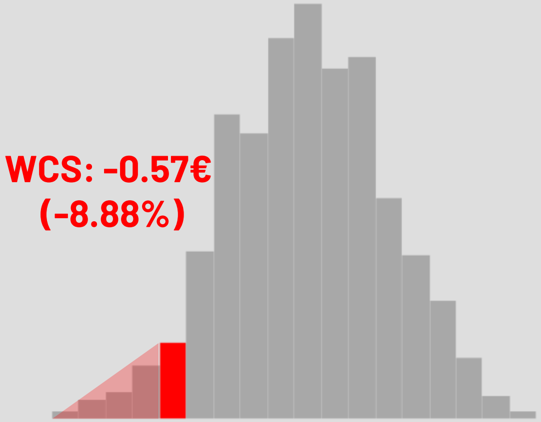
RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
REGULATORY AND LEGAL RISK (HIGH)	Engaged in the Filtration Industry, GVS is subject to **precise legislation dictating the quality and safety parameters** of its products. Modifications to regulatory frameworks necessitate adjustments and refinements to ensure compliance.	The mitigation of this risk is effectively guided by the Director's proficiency in **adhering to the most stringent regulatory frameworks for both products and production plants**, cultivating a proactive approach towards risk management within the Group.	***WCS: -1% Revenues*** 
REPUTATIONAL RISK (LOW)	This risk arises from the potential **repercussions stemming from defects in the products** offered. In an industry where great importance is placed on safety, the occurrence of such issues could lead to **substantial reputational harm**, ultimately resulting in a contraction of the Company's market share.	The likelihood of such events is very low, given GVS' deep commitment to the development and provision of **top-notch products, granted by a multitude of safety certifications such as the zero-defection** one. In the intricate process of introducing a new product to the market, the Company meticulously adheres to a comprehensive procedure encompassing a series of **rigorous tests to ensure an elevated level of quality**.	***WCS: +50bps WACC*** 

Source: Team estimates

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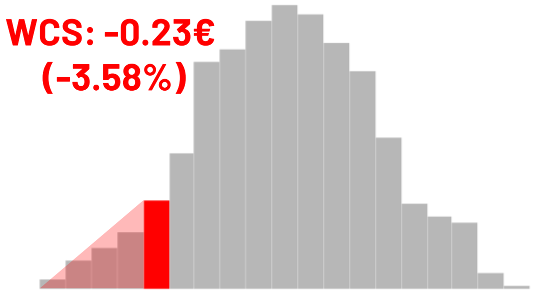
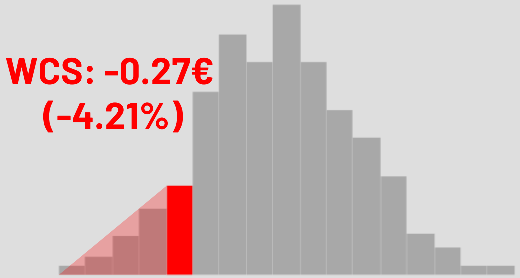
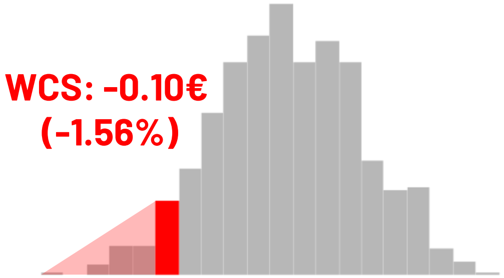
FINANCIAL RISKS

A WCS analysis on target price

RISK (LIKELIHOOD)	DESCRIPTION	MITIGATION	IMPACT
LIQUIDITY RISK (MEDIUM)	If financial resources are not sufficient to meet the Group's legal and fiscal obligations, GVS may face **challenges in securing essential funds** to sustain ongoing operations and meet impending commitments.	A proactive strategy facilitates prompt acquisition of necessary additional resources, ensuring a well-balanced composition concerning **maturity dates, financial instruments and liquidity availability thresholds**.	***WCS: +125bps Cost of Debt*** 
EXCHANGE RISK (HIGH)	GVS is susceptible to this risk since it operates in **international markets** and engages in commercial **transactions in several currencies** (EUR, USD, GBP and CNY).	GVS employs an exchange rate risk management policy focused on maintaining the **target ratio between purchases of raw materials and Revenues denominated in a singular currency below 30%**.	***WCS: -1.5% FX Profits*** 
CREDIT RISK (MEDIUM)	Such risk refers to the potential financial loss that GVS may face if its customers or **counterparties fail to fulfil their payment obligations** due to insolvency (default) or decline in creditworthiness.	The Company **monitors customers' behaviour and creditworthiness on a daily basis** by leveraging on credit assessment tools, calibrated at different degrees of solicitation and contingent upon customers' days of overdue payment.	***WCS: -10% Trade Receivables*** 

Source: Team estimates

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ENABLING MARKET LIQUIDITY

The role of a liquidity provider

In September 2023, **GVS started a Share Management Program** with the aim of supporting stock liquidity. The Company agreed with Kepler Cheuvreux SA a 12-month liquidity support activity on the regulated market Euronext Milan

In this way, the stock is more appealing to potential investors, fostering improved liquidity dynamics

At the same time, **potential risks are associated with the withdrawal of the liquidity provider**, which could result in decreased trading activity and challenges in executing transactions

Date	Shares Sold	Shares Bought	Number of Transactions	Period Return
September 2023	20,382	32,160	334	-4.21%
October 2023	61,086	87,174	966	-15.94%
November 2023	87,626	58,230	909	32.49%
December 2023	54,300	62,816	763	4.21%
January 2024	97,914	94,026	1,352	10.07%

Source: Company data

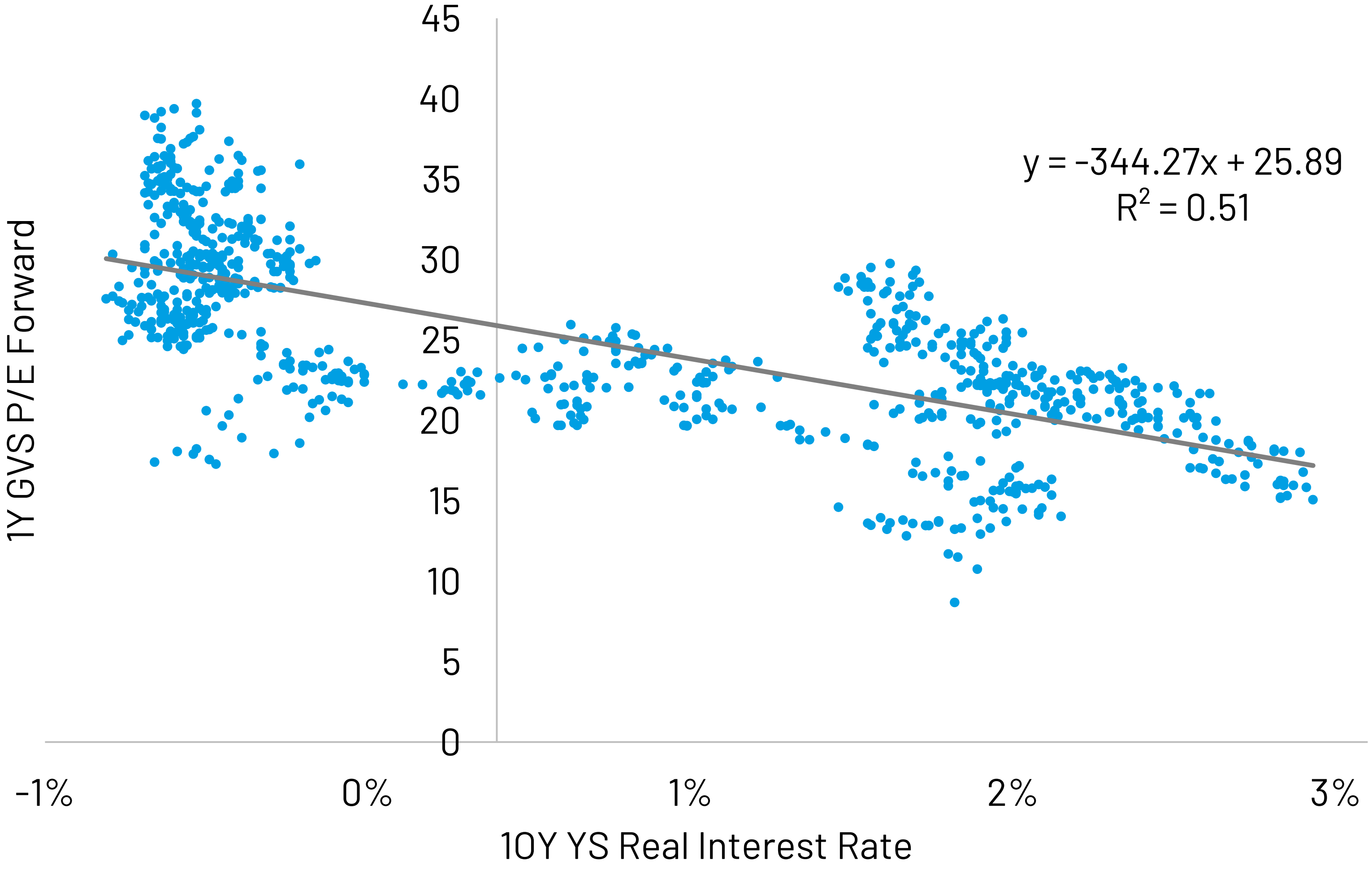
REAL INTEREST RATE RISK

The historical impact on company price

Index

A **change in Real Interest Rates** can **strongly affect GVS' valuation** through a **reduction of the present value** of future expected cashflows and a higher WACC.

The regression on the right shows the **historical effect on GVS' price of the change in Real Interest Rates**.



Source: Team estimates

Our ESG proprietary framework

A bottom-up approach for a BB rating

In verifying GVS declared adherence to ESG principles, we conduct a **thorough analysis** by evaluating **74 key metrics along the 3 dimensions**. Our methodology takes a **Bottom-up approach:**

1. Each metric is **assigned a grade reflecting GVS' comparative position** with respect to industry peers
2. All individual grades are aggregated - as a weighted average - first at the bucket level and then at the pillar level, thus obtaining the **final grade for GVS**.
3. The conversion from numerical scores to letters grade is derived from Refinitiv.

E — **26 metrics**, **3 key factors**

S — **28 metrics**, **4 key factors**

G — **20 metrics**, **3 key factors**

ENVIRONMENTAL

Resource Use
Emissions
Innovation

SOCIAL

Workface
Human Rights
Community
Product Responsibility

GOVERNANCE

Board and Committees
Shareholders
CSR Strategy

Source: Refinitiv, team estimates

GVS

Score
6.00

BB

ESG Grade Attribution	**D**	**C**	**CC**	**CCC**	**B**	**BB**	**BBB**	**A**	**AA**	**AAA**
	[0 - 2.50]	[2.51 - 3.33]	[3.34 - 4.16]	[4.17 - 5.00]	[5.01 - 5.83]	[5.84 - 6.66]	[6.67 - 7.50]	[7.51 - 8.33]	[8.34 - 9.16]	[9.17 - 10]

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ENVIRONMENTAL KEY METRICS – SCORE: 6.18

Source: Refinitiv, Team estimates

BUCKET (weight)	METRIC	GVS	*Previous*	COMPETITORS Average [Min – Max]	*Previous*	SCORE	
						METRIC	BUCKET
RESOURCE USE (4.80%)	Resource Reduction Policy	T	*Unchanged*	100% T	*Unchanged*	6/10	**6.06/10**
	Policy Energy Efficiency	T	*Unchanged*	7% F - 93% T	100% T	6/10	
	Policy Sustainable Packaging	F	*Unchanged*	21% F - 79% T	43% F - 57% T	4.5/10	
	Policy Environmental Supply Chain	T	*Unchanged*	100% T	7% F - 93% T	6/10	
	Environment Management Training	T	*Unchanged*	21% F - 79% T	14% F - 86% T	7/10	
	Total Energy Use/Million in Revenue	$740.52	$642.05	$281.34 [79.87 – 861.37]	$287.01 [76.31 - 852.27]	4/10	
	Renewable Energy Use	T	*Unchanged*	7% F - 93% T	*Unchanged*	6/10	
	Total Renewable Energy to Energy Use in million	268,389	*344,578*	93,303 [1,048 – 316,601]	*79,753 [2,056 – 308,925]*	8/10	
	Total Water Use / Million in Revenue	$272.55	$184.86	$254.27 [43.56 – 1,089.72]	$287.97 [39.31 – 1,170.98]	5.5/10	
EMISSIONS (6,00%)	Policy Emissions	F	*Unchanged*	100% T	7% F - 93% T	3.5/10	**5.20/10**
	Target Emissions	F	*Unchanged*	14% F - 86% T	*Unchanged*	4.5/10	
	Total CO2 Emissions /Million in Revenue $	$49.63	$49.86	$31.48 [6.67 – 113.35]	$34.88 [6.52 – 129.26]	5/10	
	Total Waste / Million in Revenue $	$11.85	$12.06	$5.60 [0.98 – 15.59]	$3.94 [0.81 – 13.92]	4.5/10	
	Total Hazardous Waste / Million in Revenue $	$1.78	$1.9	$0.87 [0.01 – 5.04]	$1.02 [0.01 – 5.27]	4.5/10	
	Waste Recycling Ratio	59.17%	*48,57%*	56.26% [0.11 – 85.23]	*62% [0.11 – 96.5]*	6.5/10	
	Environmental Partnerships	F	*Unchanged*	71% F - 29% T	*Unchanged*	5.5/10	
INNOVATION (6,00%)	Environmental Products	T	*Unchanged*	14% F - 86% T	21% F - 79%	6.5/10	**7.25/10**

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SOCIAL KEY METRICS – SCORE: 6.01

Source: Refinitiv, Team estimates

BUCKET (weight)	METRIC	GVS	*Previous*	COMPETITORS Average [Min – Max]	*Previous*	SCORE	
						METRIC	BUCKET
WORKFORCE (9.00%)	Health & Safety Policy	T	*Unchanged*	100% T	*Unchanged*	6/10	**6.04/10**
	Policy Employee Health & Safety	T	*Unchanged*	100% T	*Unchanged*	6/10	
	Policy Supply Chain Health & Safety	F	*Unchanged*	7% F - 93% T	14% F - 86% T	4/10	
	Health & Safety Training	T	*Unchanged*	100% T	*Unchanged*	6/10	
	Salary Gap	58	64	57.71 [9 - 157]	198.43 [13 - 992]	6/10	
	Net Employment Creation (%)	79.82%	-1.16%	4.89% [-3.88 – 16.42]	7.99% [-9.85 - 35.74]	9/10	
	Number of Employees from CSR Reporting	4,869	3,195	39,469 [2,105 - 101,157]	43,446 [1,902 – 98,000]	6/10	
	Turnover of Employees (%)	56.20%	59.40%	15.80% [6.60 – 57.00]	14.06% [7.10 - 55.00]	4/10	
	Women Employees (%)	59.73%	61.06%	37.93% [23.00 - 54.76]	35.89% [23.00 - 52.73]	9/10	
	Total Injury Rate	5.49	*9.45*	3.81 [0.18 – 7.70]	*4.00 [1 – 8.20]*	5/10	
HUMAN RIGHTS (12.00%)	Human Rights Policy	T	*Unchanged*	100% T	*Unchanged*	6/10	**6/10**
	Policy Human Rights	T	*Unchanged*	100% T	*Unchanged*	6/10	
	Fundamental Human Rights ILO UN	T	*Unchanged*	36% F - 64% T	43% F - 57% T	8/10	
	Human Rights Contractor	T	*Unchanged*	100% T	7% F - 93% T	6/10	
COMMUNITY (12.00%)	Policy Bribery and Corruption	T	*Unchanged*	100% T	7% F - 93% T	6/10	
	Policy Business Ethics	T	*Unchanged*	100% T	*Unchanged*	6/10	
	Whistleblower Protection	T	*Unchanged*	7% F - 93% T	*Unchanged*	6/10	
PRODUCT RESPONSIBILITY (14.30%)	Policy Customer Health & Safety	F	*Unchanged*	29% F - 71% T	*Unchanged*	4.5/10	**5.91/10**
	Policy Data Privacy	T	*Unchanged*	100% T	*Unchanged*	6/10	
	Policy Cyber Security	F	*Unchanged*	14% F - 86% T	*Unchanged*	5.5/10	

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GOVERNANCE KEY METRICS – SCORE: 5.92

Source: Refinitiv, Team estimates

BUCKET (weight)	METRIC	GVS	*Previous*	COMPETITORS Average [Min – Max]	*Previous*	SCORE	
						METRIC	BUCKET
BOARD AND COMMITTEES (24.00%)	Audit Board Committee	T	*Unchanged*	100% T	*Unchanged*	*6/10*	**6.20/10**
	Compensation Board Committee	T	*Unchanged*	29% F - 71% T	*Unchanged*	*7.5/10*	
	Policy Board Independence	F	*Unchanged*	14% F - 86% T	*Unchanged*	*5/10*	
	Policy Board Diversity	T	*Unchanged*	100% T	7% F - 93% T	*6/10*	
	Succession Plan	T	*Unchanged*	21% F - 79% T	*Unchanged*	*7/10*	
	Board Size	9	*Unchanged*	10.64 [7 - 16]	10.50 [7 - 16]	*6/10*	
	Independent Board Members (%)	55.56%	44.44%	73.34% [42.86 – 92.31]	*75.24% [42.86 – 92.86]*	*5/10*	
	Board Gender Diversity (%)	44.44%	*Unchanged*	32.57% [25.00 - 42.86]	30.60% [20.00 – 42.86]	*8/10*	
	CEO Chairman Duality	F	*Unchanged*	43% F - 57% T	*Unchanged*	*5.5/10*	
	CEO Board Member	T	*Unchanged*	29% F - 71% T	*Unchanged*	*7/10*	
	Chairman is ex-CEO	F	*Unchanged*	43% F - 57% T	*Unchanged*	*5.5/10*	
SHAREHOLDERS (7.10%)	Shareholder Rights Policy	T	*Unchanged*	100% T	*Unchanged*	*6/10*	**5.33/10**
	Equal Shareholder Rights	T	*Unchanged*	100% T	*Unchanged*	*6/10*	
	Veto Power or Golden Share	T	*Unchanged*	86% F - 14% T	*Unchanged*	*4/10*	
CSR STRATEGY (4.80%)	CSR Sustainability Committee	F	*Unchanged*	7% F - 93% T	14% F - 86% T	*4/10*	**5.37/10**
	Global Compact Signatory	F	*Unchanged*	79% F - 21% T	*Unchanged*	*5.5/10*	
	Number of SDG	5	*Unchanged*	6.43 [1 – 14]	6 [1 – 16]	*5.5/10*	

THE COMPANY'S LEADERSHIP

Board of Directors

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Alessandro Nasi

Executive Chairman

Director at CNH Industrial, Iveco Group, Exor NV and Giovanni Agnelli BV

Graduated in Business Administration

Marco Pacini

Executive Director & Chief Financial Officer

Ex CFO Unieuro, ex CFO and COO Fiera Milano

Graduated in Economics

Anna Tanganelli

Independent Director

CFO and Head of M&A of IREN Group, ex CFO Magneti Marelli

Graduated in Business Administration

Massimo Scagliarini

Chief Executive Officer

Over 35 years in GVS

Degree in Accounting

Marco Scagliarini

Non-Executive Director

CEO GVS Real Estate S.r.l.

Ex VP Energy & Mobility Division

Michela Schizzi

Independent Director

General Counsel at Cerved Group Spa

Graduated in Law and LLM in European Law

Grazia Valentini

Non-Executive Director

Founder of GVS and Grace di Grazia Valentini

Awarded the title "Cavaliere del Lavoro"

Pietro Cordova

Non-Executive Director

Board Member at TeraGo

Graduated in Business Administration

Simona Scarpaleggia

Independent Director

Board Member at EDGE Empower, Brainforest and Hornbach

Graduated in Business Administration

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THE COMPANY’S LEADERSHIP

Board of Directors details

Source: Refinitiv, Team estimates

OFFICE	FULL NAME (year of birth)	GENDER	INDEPENDENT	COMMITTEES	
				NOMINATION & COMPENSATION	CONTROL, RISK & SUSTAINABILITY
Executive Chairman *(since 2023)*	Nasi Alessandro (1974)	Male	✓		
Chief Executive Officer *(since 2003)*	Massimo Scagliarini (1965)	Male			
Non-Executive Director *(since 1979)*	Grazia Valentini (1942)	Female			
Non-Executive Director *(since 2016)*	Marco Scagliarini (1964)	Male			
Executive Director & Chief Financial Officer *(since 2023)*	Marco Pacini (1971)	Male			
Non-Executive Director *(since 2023)*	Pietro Cordova (1960)	Male	✓	✓	✓
Independent Director *(since 2023)*	Anna Tanganelli (1981)	Female	✓		✓ (Chairperson)
Independent Director *(since 2020)*	Michela Schizzi (1982)	Female	✓	✓	
Independent Director *(since 2023)*	Simona Scarpaleggia (1960)	Female	✓	✓ (Chairperson)	✓

BOARD OF DIRECTORS

Remuneration

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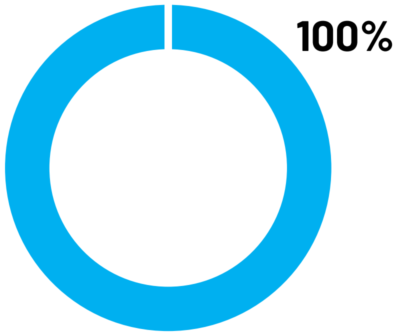
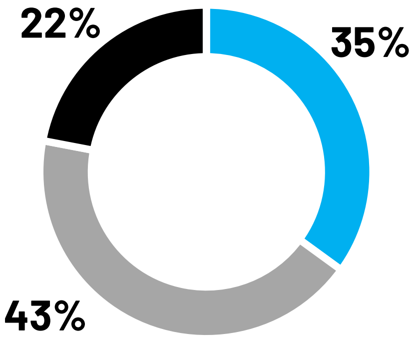
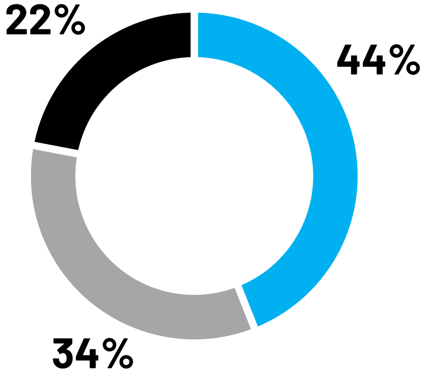
CHAIRMAN



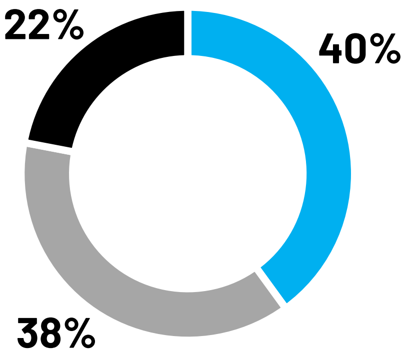
CEO



🟦 Fixed ▨ Target STI ■ LTI annual target 23-25



KEY MANAGERS



EXECUTIVE DIRECTORS

Source: Refinitiv, FactSet

		CEO	KEY MANAGERS		EXECUTIVE DIRECTORS
			Functions	Commercial	
SHORT TERM INCENTIVES*	GROUP Performance Objective	90%	60%	40%	60%
	GROUP Strategic Objective	10%			
	INDIVIDUAL Performance Objective	✕	30%	50%	30%
LONG TERM INCENTIVES**	EBITDA Adj margin	30%			
	NFP end of Period	30%			
	Relative TSR	20%			
	ESG Quality	20%			

*Values are the composition (as a %) of the Short Term Incentives part

**Values are the composition (as a %) of the Long Term Incentives part

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KEY PEOPLE

Massimo Scagliarini

Chief Executive Officer

Over 35 years in GVS

Degree in Accounting

Paola Musuraca

Corporate HR Director

Graduated in Management Engineering

Ex Chief HR Officer Maccaferri

Claudio Tonielli

VP Energy & Mobility

EMEA & India E&M Regional Director

Graduated in Business Administration (EMBA)

Matteo Viola

Chief Operating Officer

CEO at GVS Filtration Inc., ex VP System & Process Division

Graduated in Business Economics

Luca Zanini

VP Healthcare & Life Sciences

Over 20 years in GVS

Degree in Telecommunications

Luca Querzè

VP Research & Development

Over 25 years in GVS

Ex Sales Director at GVS do Brasil

Graduated in Engineering

Marco Pacini

Executive Director & Chief Financial Officer

Ex CFO Unieuro, ex CFO and COO Fiera Milano

Graduated in Economics

Pierre Dizier

VP Health & Safety

Over 10 years in GVS

Graduated in International Business and Finance

Rozemaria Bala

General Counsel

Board Member at ENAV

Ex Senior VP Governance, Risk and Control at Snam

Graduated in Law

THE VALENTINI-SCAGLIARINI FAMILY

A family-run business

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Grazia Valentini

- GVS Board member
- Founder of GVS and Grace di Grazia Valentini
- Awarded the title "Cavaliere del Lavoro"

Massimo Scagliarini

- CEO of GVS SpA
- Over 35 years of experience in GVS Group
- Degree in Accounting

Marco Scagliarini

- GVS Board member and ex Vice-President of E&M Division
- Chief Executive Officer at GVS Real Estate S.r.l.

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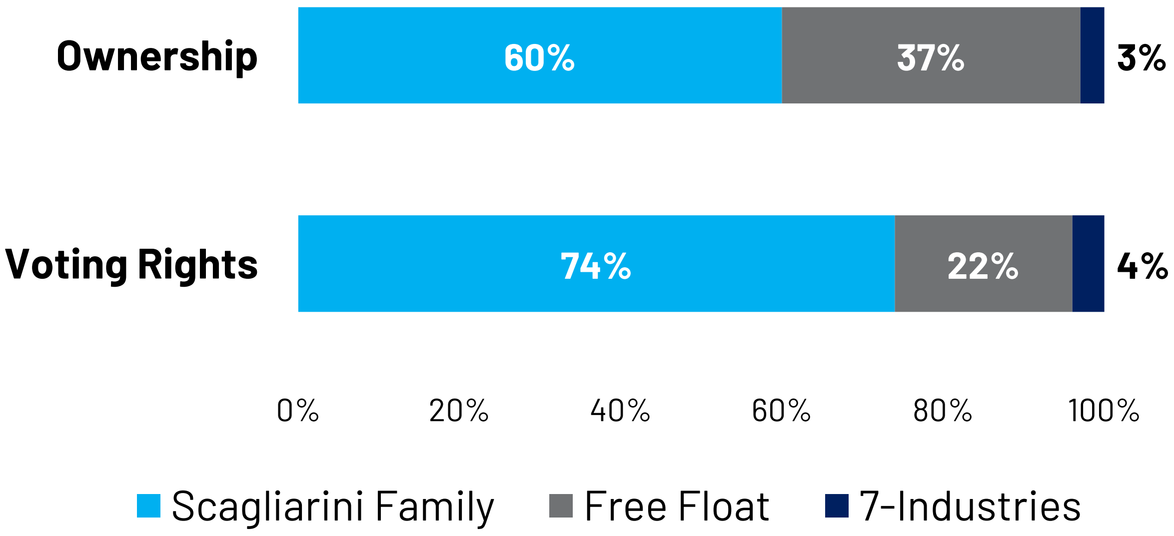
THE VALENTINI-SCAGLIARINI FAMILY

A delicate balance



Grazia Valentini

Massimo Scagliarini

Marco Scagliarini

POSITIVE	NEGATIVE
Long-lasting presence and **profound knowledge** of the Company	Extremely high **concentration of decision power**
Financial support, as showed in the occasion of the **covenant breach**	**Investors' skepticism** towards a **family-run** business model
Ability in **capitalizing market opportunities**	Potential risk of **minority shareholders' protection**

SHAREHOLDERS' STRUCTURE

Investors share

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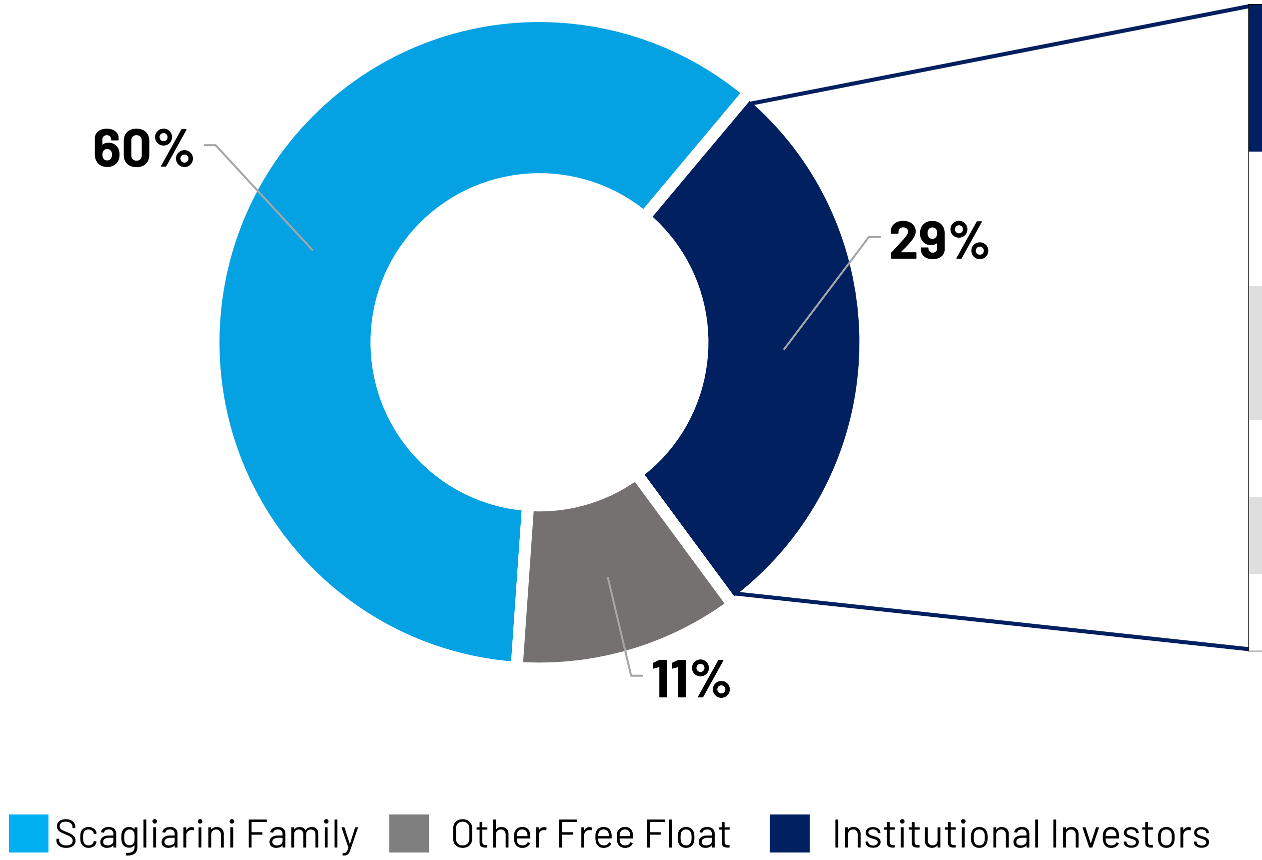

MAIN INSTITUTIONAL INVESTORS	% OUTSTANDING
Capital Research Global Investors	5.7%
Mediolanum Gestione Fondi SGR p.A.	2.6%
Invesco	2.6%
T Rowe Price Group	1.8%
Vanguard Group	1.3%

Source: Refinitiv, FactSet

THE VOTING POWER

Double voting rights in the Scagliarini's hands

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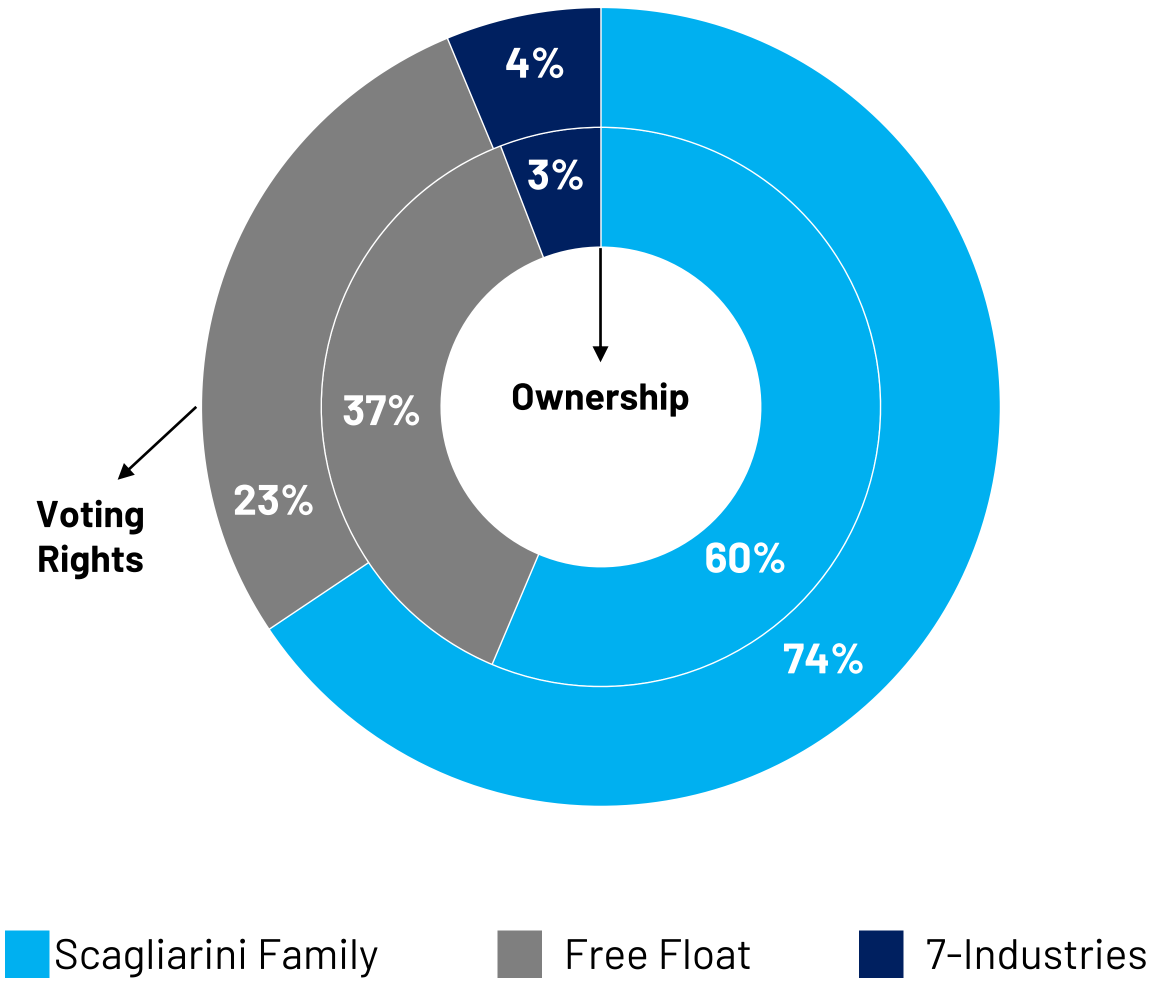

Source: Refinitiv, FactSet

- **Each share** entitles the holder to **one voting right**
- An exception is represented by some **double-voting rights shares**, introduced by the Extraordinary Shareholders' Meeting on 13th March 2020
- This privilege belongs to **those who hold shares for a continuous period of at least 24 months.** As of today, the shareholders holding this right are:
  - GVS Group S.r.l., controlled by the Scagliarini's family
  - 7-Industries Holding B.V