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Informazione Regolamentata n. 2251-12-2020	Data/Ora Ricezione 09 Settembre 2020 13:33:45	MTA
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Societa' : GVS S.P.A.
Identificativo : 136742
Informazione
Regolamentata
Nome utilizzatore : GVSN02 - Mario Saccone
Tipologia : 1.2
Data/Ora Ricezione : 09 Settembre 2020 13:33:45
Data/Ora Inizio : 09 Settembre 2020 13:33:45
Diffusione presunta
Oggetto : Press release - GVS S.p.A._1H 2020
results

Testo del comunicato

GVS S.p.A. - The BoD of GVS S.p.A. approves the first half 2020 results



PRESS RELEASE

THE BOD OF GVS S.p.A. APPROVES THE FIRST HALF 2020 RESULTS

REVENUE AT 30 JUNE 2020 UP 25% AND CONSIDERABLE GROWTH IN PROFIT MARGIN

Main consolidated results of the first half 2020 compared to the first half 2019:

- Revenue of Euro 146.3 million, up 25% on Euro 116.7 million;
- Adjusted EBITDA¹ of Euro 55.1 million (+71%) compared to Euro 32.2 million, with a trading margin of 37.7%. EBITDA of Euro 49.7 million (+56%) compared to Euro 31.8 million, with a ratio to revenue of 34%;
- Adjusted EBIT² of Euro 47.9 million (+84%) compared to Euro 26 million. EBIT of Euro 40.5 million (+70.7%) compared to Euro 23.7 million, with a ratio to revenue of 27.7%;
- Adjusted Net Profit³ of Euro 32.7 million, up 77% on Euro 18.5 million. Net profit of Euro 27 million, up 64.6% on Euro 16.4 million;
- Net financial position of Euro 9.2 million compared to Euro 103.1 million at 31 December 2019.

Zola Pedrosa (BO), 9 September 2020 – The Board of Directors of **GVS S.p.A.**, a leading player providing advanced filtration solutions for critical applications, meeting today at Zola Pedrosa (BO), approves the consolidated results of the first half 2020 prepared in accordance with the IFRS international accounting standards.

“The results recorded in the first half year reflect the hard work put in over the first three months of 2020 to accelerate our business plan and from which we prospered in the second quarter. All this confirms the soundness of the strategic choices made to manage the Covid-19 emergency and the efficacy of our business model, focussed above all on a “glocal” approach. I believe that the double-digit growth in revenue and in the profit margin represents a solid basis for the coming months, albeit in light of a context that is highly impacted by the evolution of the pandemic. This result was achieved thanks to the commitment and dynamism of the 2400 people that make up the Group that meant we were able to react rapidly as the situation evolved.” said **Massimo Scagliarini, CEO of GVS.**

ANALYSIS OF THE GROUP'S ECONOMIC PERFORMANCE

In the first half of 2020 GVS recorded **Consolidated revenue of Euro 146.3 million**, up 25% compared to Euro 116.7 million recorded in the same period in 2019. This result is mainly due to the growth of the

1 Indicate the adjusted operating income and costs which, due to their nature, are not reasonably expected to be repeated in the future, being mainly linked in first half 2020 to the costs of the IPO.

2 Indicate the adjusted operating income and costs which, due to their nature, are not reasonably expected to be repeated in the future, being mainly linked in first half 2020 to the costs of the IPO, and to the amortisation of intangible assets entered at the time of the PPA.

3 Indicate the adjusted operating income and costs which, due to their nature, are not reasonably expected to be repeated in the future, being mainly linked in first half 2020 to the costs of the IPO, and to the amortisation of intangible assets entered at the time of the PPA, both net of the related taxes



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Cap. Soc. € 1.750.000 int. vers. - C.F. 03636630372 - P. Iva 00644831208

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Health & Safety and Healthcare & Life Sciences divisions, in both cases driven by the new demands arising from the spread of Covid-19.

The trend and distribution of the revenue from contracts with clients at 30 June 2020 can be broken down as follows:

- the **Healthcare & Life Sciences** division, that represents 47% of the total, grew by about 16% compared to the same period in 2019;
- the **Energy & Mobility** division, that represents 21% of the total, recorded a reduction of about 32% compared to the same period in 2019, due to the overall slow-down of the sector;
- The **Health & Safety** division, which represents 32% of the total increased from the 10% at 31 December 2019 due to a significant growth in the demand for personal protection equipment (FFP3) for the hospital sector.

The Adjusted EBITDA¹ stands at Euro 55,1 million (+71%) compared to 30 June 2019, when it stood at Euro 32.2 million, recording a profit margin of 37.7% compared to 27.6% in the first half of 2019. This increase can be attributed to the procurement and costs reduction strategies carried out during the last term, along with rapid installation and start up of 41 new production lines at the GVS Group's plants. The **EBITDA** stands at Euro 49.7 million (+56%) compared to Euro 31.8 million, with a ratio to revenue of 34%.

The Adjusted EBIT² stands at Euro 47.9 million (+84%) compared to the same period last year when it stood at Euro 26 million. The **EBIT** stands at Euro 40.5 million (+70.7%) compared to Euro 23.7 million, with a ratio to revenue of 27.7%.

The Adjusted Net Profit³ stands at Euro 32.7 million up on Euro 18.5 million recorded for the first half 2019, bearing the consequences of negative exchange rate differences for Euro 2.7 million. The Net Profit stands at Euro 27 million compared to Euro 16.4 million in the same period in 2019.

The Net Financial Position at 30 June 2020 stands at Euro 9.2 million compared to Euro 103.1 million at 31 December 2019. This result, along with the current trend of operations and the acquisitions made, also reflects the income generated from the capital increase linked to the IPO of Euro 79.8 million.

SIGNIFICANT EVENTS AT 30 JUNE 2020

On 19 June 2020, GVS completed its listing on Borsa Italiana's Equity market (MTA). Goldman Sachs International and Mediobanca – Banca di Credito Finanziario S.p.A. were the joint global coordinators and joint bookrunners while Mediobanca – Banca di Credito Finanziario was also a Sponsor.

In the first half year 2020 the GVS Group, through its subsidiary GVS Filter Technology de Mexico S. de R.L. de C.V., completed the acquisition of a company branch for Life Sciences business products, previously controlled by Graphic Controls Acquisition Corp. Also, at the end of June 2020, the closing of the full shareholding of Haemonetics Puerto Rico LLC, company operating in the Healthcare business, was completed.

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IMPACTS AND EFFECTS OF THE COVID-19 PANDEMIC

The first half year 2020 was greatly impacted by the Covid-19 pandemic. In this period the GVS Group adopted organisation methods and procedures to ensure continuation of production and administrative activities so as to guarantee the commitments undertaken with its clients, while fully respecting the health and safety of its employees and contract staff. Indeed, while on one hand the pandemic led to a drop in the demand for products in the Energy & Mobility division, on the other hand it led to a marked rise in sales volumes of products in the Healthcare & Life Sciences division (filters for ventilators) and in the Health & Safety division (personal protective masks for the hospital sector). The Group was fully engaged in guaranteeing the production levels of these products required by the emergency situation, also by investing in 41 new production lines in Italy, Mexico, USA, China, Brazil, UK and Romania starting from March 2020.

BUSINESS OUTLOOK

In view of the amount of revenue from contracts with clients at 30 June 2020 and the order portfolio as it stands today, GVS expects to achieve, net of the acquisition of Haemonetics Puerto Rico LLC and of any other new acquisitions or cancellations of orders received, revenue at the end of 2020 of around Euro 280 to 320 million, an increase of 23%-41% compared to 31 December 2019. The growth for the current year is higher than the historical average of the GVS business trend due to an accelerated adjustment to the demand for filters for ventilators and personal protective equipment to respond to the emergency caused by COVID-19.

The evolution of the business in the coming months and related results will depend on the evolution of the pandemic and any lockdowns in the various countries, on the return to work strategies of clients in the countries where the Group works and on the growth support measures that governments decide to adopt for the economic recovery.

OTHER RESOLUTIONS

The Board of Directors also approved:

- after consulting the Nomination and Compensation Committee, the allocation of rights to the beneficiaries of the *Performance Shares Plan 2020-2022*, implementing the resolution passed by the Shareholders' Meeting held on 13 March 2020 and in line with the indications given at the time of the admission to listing. Specifically, the Board resolved to allocate a total of no. 612,000 rights
 - o to the Executive Directors Massimo Scagliarini, Mario Saccone and Matteo Viola,
 - o to the strategic directors Luca Querzè, Luca Zanini, Pierre Dizier and
 - o to other group directors.

- the regulation governing the functioning of the Board.



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STATEMENT AS OF ARTICLE 154-BIS, SUB-PARAGRAPH TWO OF THE T.U.F. (Consolidated Finance Act)

The Director tasked with keeping the company's accounting records, Mr. Emanuele Stanco, in accordance with article 154-is, sub-paragraph two, of Italian Legislative Decree no. 58/98, declares that the accounting data contained in this press release correspond to those in accounting books and records.

CONFERENCE CALL

The 2020 half year results will be presented by the Group's Top Management during a conference call on Wednesday 9 September at 4.30pm Italian Time.

The conference call can be followed via webcast at the url: <https://87399.choruscall.eu/links/gvs200909.html>

As an alternative to the webcast, it will be possible to take part in the conference call via one of the following numbers:

ITALY: +39 02 805 88 11

UK: + 44 121 281 8003

USA: +1 718 7058794

The Top Management's presentation can be consulted before the start of the conference call on the authorised storage mechanism eMarket SDIR managed by Spafid S.p.A. and on the company's website www.gvs.com (section Investor/Financial Documents/Presentations).

The Half Year Report at 30 June 2020 can be consulted by the public at the Company's offices, at the Borsa Italiana (Italian Stock Exchange) and on the website www.gvs.com "Investor/Financial Documents/Financial Statements" in accordance with the provisions of law.

This press release is available on the regulated information disclosure system eMarket SDIR, managed by Spafid S.p.A., and on the company's website www.gvs.com (section Investor/Press Releases).

GVS GROUP:

The GVS Group is one of the world's leading suppliers of filter solutions for applications in the Healthcare & Life Sciences, Energy & Mobility and Health & Safety sectors. The Group's strong focus on internationalisation has led to the opening of 13 production plants located in Italy, UK, Brazil, USA,



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China, Mexico and Romania, as well as 6 sales offices in Russia, Turkey, Argentina, Japan, China and Korea. In the year ending on 31 December 2019, the GVS Group recorded revenue from contracts with clients of Euro 227 million and an Adjusted EBITDA of Euro 62 million.

Contacts

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Consolidated income statement

<i>(in thousands of Euro)</i>	Half year at 30 June	
	2020	2019
Revenue from contracts with clients	146.333	116.743
Other income	698	1.159
Total revenue	147.031	117.902
Purchase and consumption of raw materials and finished goods and semi-finished goods	(35.273)	(34.412)
Personnel expenses	(44.045)	(37.992)
Cost of services	(16.775)	(11.696)
Other operating costs	(1.280)	(1.982)
(EBITDA)	49.658	31.820
Net impairment losses on financial assets	(122)	(127)
Depreciation and amortization	(9.040)	(7.966)
EBIT	40.495	23.726
Financial income	75	614
Financial costs	(4.654)	(2.366)
Pre-tax result	35.916	21.974
Income taxes	(8.909)	(5.555)
Net result	27.008	16.420

Consolidated statement of financial position

<i>(in thousands of Euro)</i>	At 30 June 2020	At 31 December 2019
ASSETS		
Non-current assets		
Intangible assets	98.847	99.846
Right of use assets	9.427	10.320
Tangible assets	62.529	46.614
Deferred tax assets	2.261	1.451
Non-current financial assets	460	542
Total non-current assets	173.524	158.773
Current assets		
Inventories	44.047	31.491
Trade receivables	47.786	35.158
Contract assets	1.134	591
Income tax receivables	249	193
Other current assets and receivables	8.943	6.430
Current financial assets	3.691	3.576
Cash and cash equivalents	137.546	58.542
Total current assets	243.396	135.981
TOTAL ASSETS	416.921	294.754
EQUITY AND LIABILITIES		
Share Capital	1.750	1.650
Reserves	168.390	59.489
Net result	27.002	33.083
Group shareholders' equity	197.142	94.222
Non-controlling interests	19	18
Total equity	197.161	94.240
Non-current liabilities		
Non-current borrowings	96.751	117.638

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Non-current lease liabilities	6.652	7.850
Deferred tax liabilities	1.928	819
Employee benefit obligations	4.236	4.193
Total non-current liabilities	109.567	130.500
Current liabilities		
Current borrowings	43.454	36.669
Current lease liabilities	3.588	3.094
Trade payables	33.443	13.188
Contract liabilities	6.100	1.702
Income tax payables	8.102	2.060
Other current liabilities	15.506	13.301
Total current liabilities	110.193	70.014
TOTAL EQUITY AND LIABILITIES	416.921	294.754

Consolidated Statement of Cash Flows

<i>(in thousands of Euro)</i>	Half year at 30 June	
	2020	2019
Pre-tax result	35.916	21.974
- Adjustments:		
Depreciation and amortization	9.040	7.966
Capital loss /(gain) from disposal of assets	(28)	40
Net financial expenses / (revenue)	4.579	1.752
Other non-monetary movements	606	594
Cash flow from operating activities before changes in net working capital	50.113	32.326
Changes in inventory	(10.878)	(3.010)
Changes in trade receivables	(13.892)	(4.427)
Changes in trade payables	21.366	(1.156)
Changes in other assets and liabilities	3.059	(4.284)
Use of employee benefit obligations and provisions for risks and charges	(440)	(485)
Income tax paid	(3.618)	(4.072)
Net cash flow provided by / (used in) operating activities	45.709	14.892
Investments in property, plant and equipment	(13.459)	(3.325)
Investments in intangible assets	(1.336)	(3.074)
Disposal of property, plant and equipment	108	117
Investments in financial assets	(1.219)	(929)
Disposal of financial assets	-	1.700
Acquisition of company branch net of liquid assets acquired	(10.532)	-
Net cash flow provided by / (used in) investing activities	(26.438)	(5.511)
Taking out of long-term borrowings	503	6.500
Repayment of long-term borrowings	(14.366)	(15.023)
Repayment of lease liabilities	(2.027)	(1.265)
Finance costs paid	(1.775)	(1.937)
Finance income received	75	41
Net compensation for IPO	79.794	
Dividends paid	(1.681)	(3.082)
Net cash flow provided by / (used in) financing activities	60.523	(14.033)
Total cash flow provided / (used) in the period	79.795	(4.652)

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Cash and cash equivalents at the beginning of the period	58.542	45.551
Total cash flow provided / (used) in the period	79.795	(4.652)
Exchange differences from conversion of cash and cash equivalents	(791)	119
Cash and cash equivalents at the end of the period	137.546	41.018

Consolidated net financial position

<i>(in thousands of Euro)</i>	At 30 June 2020	At 31 December 2019
Treasury	32	32
Cash and cash equivalents	137.514	58.510
Restricted deposits	362	-
Held-for-trading securities	3.151	3.399
(A) Liquidity	141.058	61.941
Lease receivables	179	177
(B) Current financial receivables	179	177
(C) Current bank liabilities	(3.000)	(3.000)
(D) Current quota of non-current borrowing	(39.788)	(33.506)
Financial liabilities to other GVA Group companies for leases	(959)	(585)
Lease liabilities	(2.629)	(2.509)
Other financial liabilities	(666)	(163)
(E) Other current liabilities	(4.254)	(3.257)
(F) Current financial borrowing (C)+(D)+(E)	(47.042)	(39.763)
(G) Net current financial borrowing (A)+(B)+(F)	94.195	22.355
Non-current bank liabilities	(51.691)	(67.999)
Non-current debenture debts	(44.995)	(49.574)
Financial liabilities to other GVA Group companies for leases	(2.661)	(1.886)
Non-current lease liabilities	(3.991)	(5.965)
Other financial liabilities	(65)	(65)
(H) Non-current borrowing	(103.403)	(125.488)
(I) Net borrowing (G)+(H)	(9.208)	(103.134)
Derivative instruments		
Lease liabilities (net)	10.061	10.767
(L) Total net financial position	852	(92.366)

Fine Comunicato n.2251-12

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