

# FINANCIAL TARGETS 2023-2025

September 25<sup>th</sup>, 2023



# Why Invest in GVS

## Key Investment Highlights

Vertically integrated player with full scale filtration platform and proprietary know-how in membrane technology

Combination of family business ethos with a highly experienced management team

Strong R&D focus based on quality obsession and proven process engineering capabilities as base for future growth



Leading position in high margin niches, with strong barriers to entry and supported by secular trends

Superior profitability and strong cash generation

Long track record of organic growth and proven value accretive M&A strategy

Superior brand awareness as testament of long-lasting relationships with a loyal and resilient customer base

## Financial Targets 2023-2025

---



# Financial Targets 2023-2025

## Key Highlights

**+4.5% – +5.5% SALES CAGR 2023-2025, driven by new products, commercial synergies and distribution channels widening**

**27.0% – 28.0% Adjusted EBITDA margin in FY 2025, with significant margin accretion supported by operating leverage and special projects**

**Constant Net Debt reduction, with 1.2-1.3x adjusted leverage ratio in 2025, driven by operating cash generation and tighter Net Working Capital control**

**Visible new products pipeline across divisions, coupled with additional registrations of recently introduced products in new geographies**

**Management team strengthening, with new senior hires to further support the future Company growth**



# 2023-25 Sales – Expected Contribution by Division

+4.5-5.5% 2023-25 Sales CAGR, driven by volume growth

	FY 2023 SALES	SALES CAGR 2023-2025	KEY DRIVERS
<b>GVS GROUP</b>	€428m <sup>(1)</sup>	+ 4.5% – 5.5% €467 – 476m	<ul style="list-style-type: none"> <li>Volume increase, driven by new products launch, commercial synergies extraction and distribution channels widening</li> </ul>
<b>Healthcare &amp; Life Sciences</b>	€288m	+ 4.0% – 5.0% €312 – 318m	<ul style="list-style-type: none"> <li>Contribution of new products and roll-out of recent introductions</li> <li>Commercial synergies (HT and STT)</li> </ul>
<b>Health &amp; Safety</b>	€71m	+ 8.5% – 9.5% €84 – 85m	<ul style="list-style-type: none"> <li>Product range expansion</li> <li>Commercial synergies (RPB)</li> </ul>
<b>Energy &amp; Mobility</b>	€68m	+ 4.0% – 5.0% €74 – 75m	<ul style="list-style-type: none"> <li>New development / roll-out of new filter categories dedicated to Electric Vehicles</li> </ul>

(1) Mid point of the €425-430m FY2023 sales guidance



# 2023-25 Sales – Key Growth Drivers

Product development, commercial synergies and distribution channels

## PRODUCT DEVELOPMENT

- Completion of product range in existing market niches
- Penetrate new/adjacent niches, with strong strategic rationale



## GEOGRAPHICAL EXPANSION

- Opening of new distribution centres
- Registration of existing products in new geographies



## DISTRIBUTION CHANNELS WIDENING

- Increase the exposure to B2C channel through the direct sales to hospitals of selected product niches



## COMMERCIAL SYNERGIES

- Extract commercial synergies from the newly acquired companies, through cross selling on the combined client base and leveraging on acquired brands awareness



## MANAGEMENT STRENGTHENING

- Strengthening of the first line management, adding new senior hires with focus on marketing





# 2024-25 New Products and Registrations

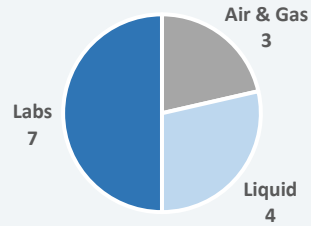
31 new products launch and 41 registrations in new markets

## NEW PRODUCTS LAUNCH 2024-2025



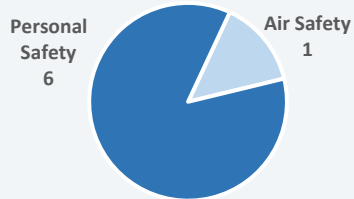
**Healthcare & Life Sciences**

**14**  
New Products



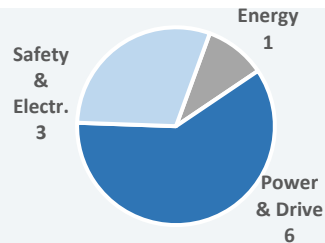
**Health & Safety**

**7**  
New Products



**Energy & Mobility**

**10**  
New Products



**31**  
New Products  
in 2024-2025

**vs.**  
**9-12**  
New Products  
Launched  
every year  
Pre-Covid 19



## EXISTING PRODUCTS REGISTRATION IN NEW GEOGRAPHIES 2024-2025

**28**  
New Registrations

Brazil  
Malaysia  
Turkey  
Singapore  
Mexico  
Indonesia  
Saudi Arabia  
Thailand  
Egypt  
Korea  
USA  
Myanmar

**13**  
New Registrations

Brazil  
European Union  
South Africa  
USA  
Japan  
Korea  
China  
Malaysia

NOT APPLICABLE



# Special Projects – Adj. EBITDA impact

Savings generated both by recent acquisitions and from organic perimeter

**~€15m**  
Full impact  
in FY 2025

**of which ~€9m related to recent M&A**

Includes projects that will affect BUs acquired over the last 3 years: STT, HT (Italy and Mexico), RPB, Puerto Rico



## Footprint optimization

Relocation of production lines and reorganization of operational activities to improve plants utilization

Projects	Adj. EBITDA <sup>(1)</sup>	CapEx <sup>(1)</sup>
8	~€8m	-



## Efficiency / Continuous improvement

Specific activities aimed at maximizing production efficiency and costs saving on single business units

Projects	Adj. EBITDA <sup>(1)</sup>	CapEx <sup>(1)</sup>
11	~€4m	~€3m



## Insourcing

Internalization of activities currently performed by third party suppliers, leveraging on Group's synergies generated by recent M&A acquisitions

Projects	Adj. EBITDA <sup>(1)</sup>	CapEx <sup>(1)</sup>
3	~€3m	-

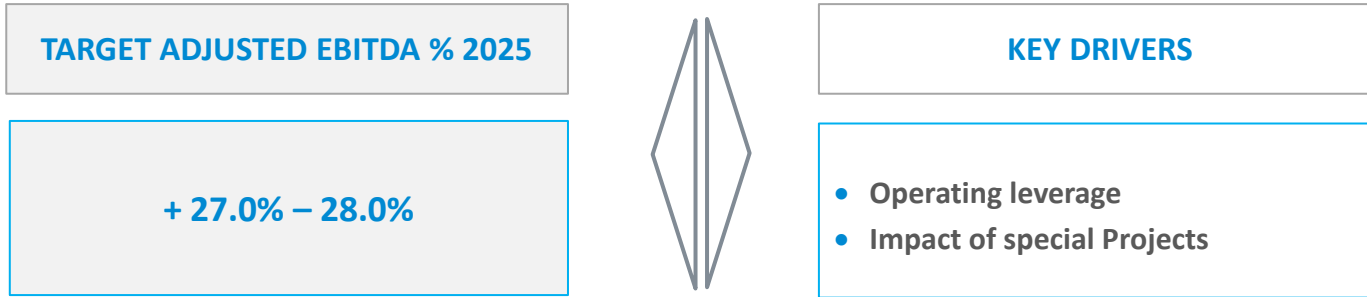
(1) Full Year project impact on Adj. EBITDA over FY24BP and FY25BP. CapEx over FY24BP / FY25BP



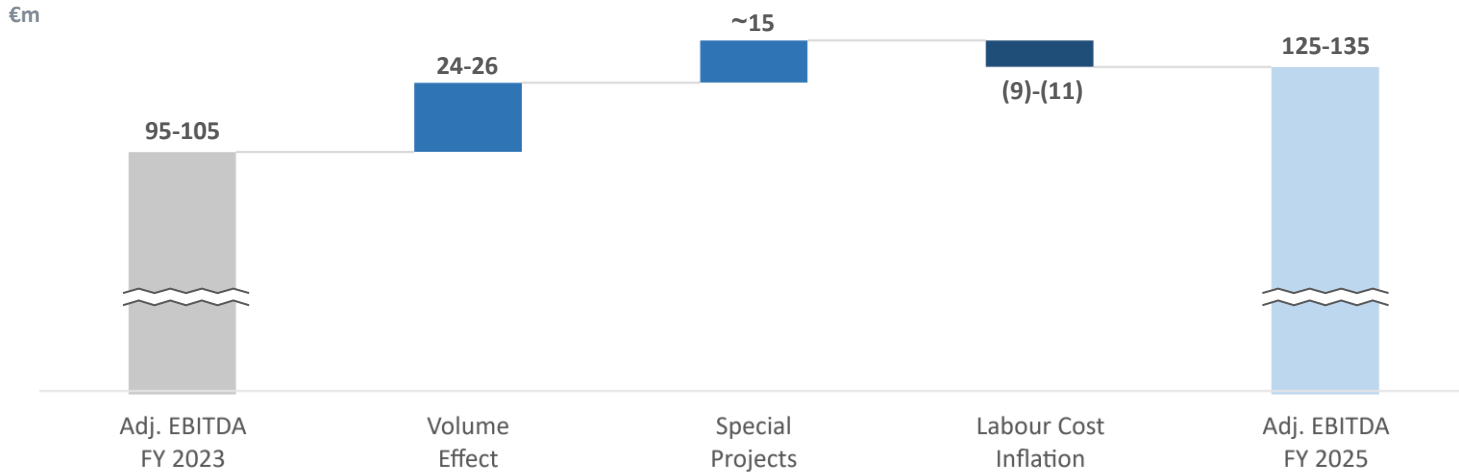


# 2023-25 Profitability – Target and Drivers

Operating leverage and special projects drive margin accretion



**ADJUSTED EBITDA – FY 2023 TO FY 2025 BRIDGE**



- Main contribution by volumes growth (operating leverage) and and saving from special projects, despite the expected labour costs inflation

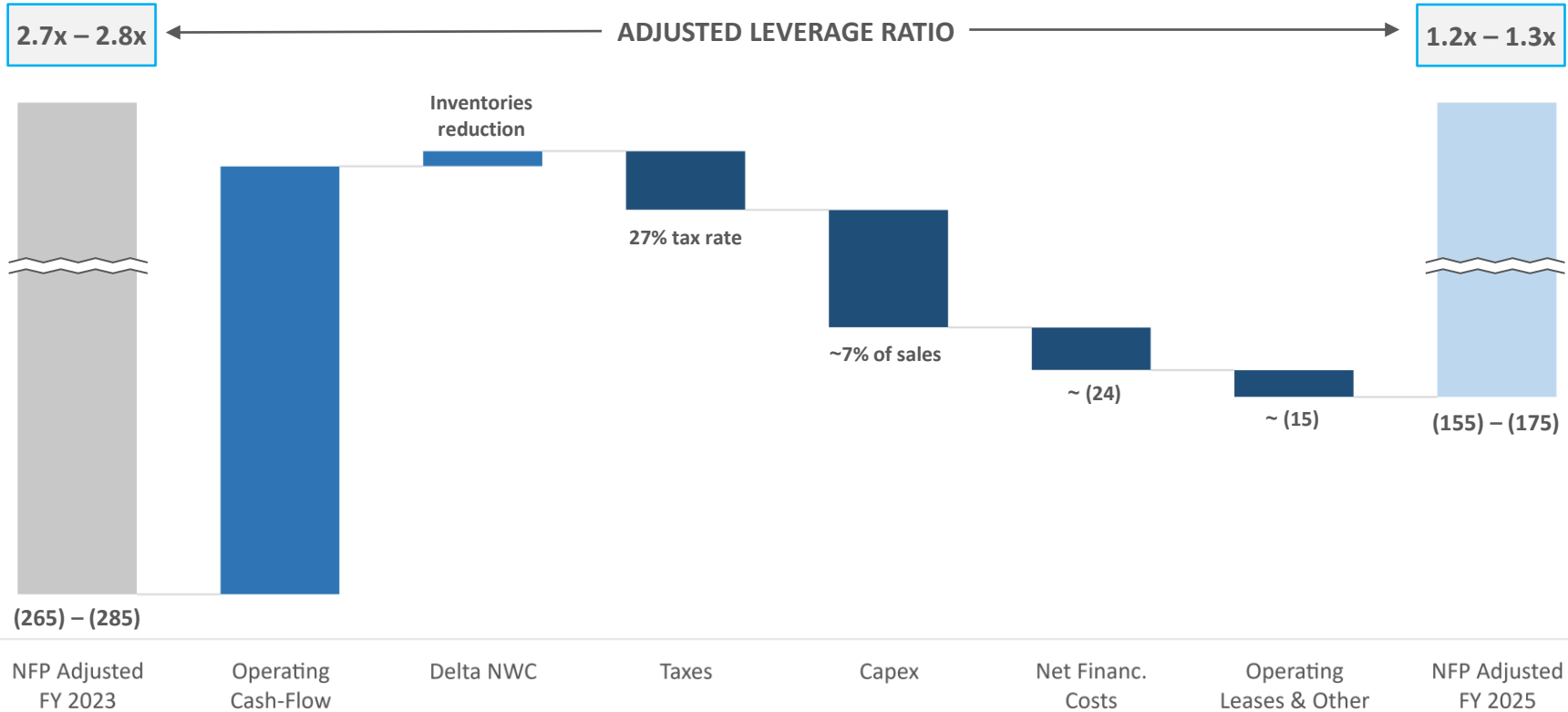


# 2023-25 Debt and Leverage Evolution

Adjusted NFP reduction driven by operating cashflow and NWC control

## ADJUSTED NET FINANCIAL POSITION – FY 2023 TO FY 2025 BRIDGE

€m



# M&A Strategy Update

---



# Recent M&A Rationale

New products, market share increase, cross selling and industrial savings



Complete the Personal Safety product range, entering the higher-end PAPR<sup>(1)</sup> segment

Leverage on the awareness of RPB brand, perceived as best-in-class of the industry

Cross sell of Elipse products to the worldwide RBP customer base

Insource production of components, with strong margin accretion opportunity



Penetrate the Chinese hospitals market

Expand GVS product portfolio in the blood segment

Cross-sell STT products to GVS international client base

Streamline industrial operation (new combined production plants) and realise synergies



Strengthening presence in the medical device business, both components and assembled products

Expand high-margin product categories (i.e. pharmaceutical bags)

Geographical expansion through the existing GVS sales network

Optimize the industrial footprint and production costs



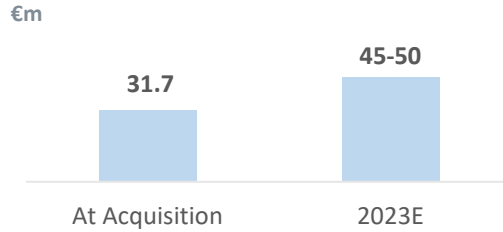
(1) Powered Air-Purifying Respirators



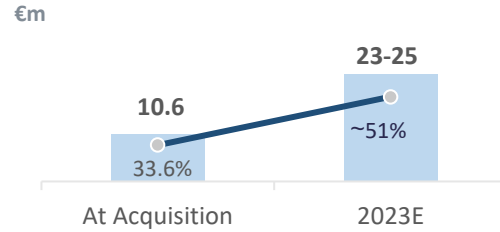
# Recent M&A Performance

Significant value creation from RPB, STT and Haemotronic acquisitions

## SALES

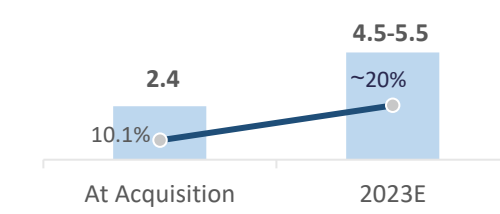
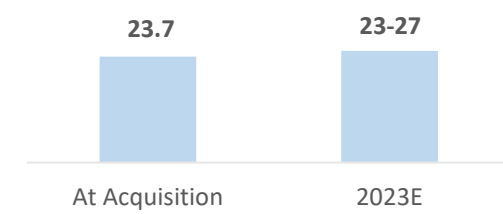


## ADJ. EBITDA and MARGIN %

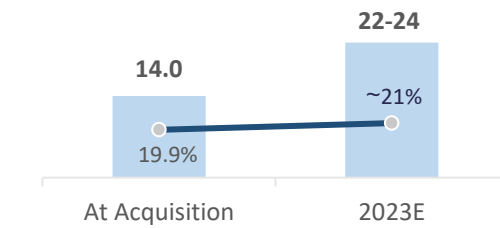
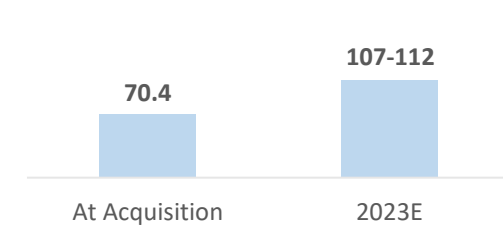


## IMPLIED ACQUISITION EV/EBITDA MULTIPLE<sup>(1)</sup>

~7x



~9x



~11x

(1) Enterprise value of the target company announced at acquisition including earn-out / 2023E Adjusted EBITDA



# M&A Strategy Update

Main Focus on Healthcare & Life Sciences, selected add-ons in Safety

## M&A RATIONALE

- Penetrate new/adjacent niches, with strong strategic rationale (product addition, access to know-how and technologies, market share increase, geographical expansion)
- Leverage on same/similar production technology to maximise operation streamline and industrial synergies



## TARGET SECTORS

- Further expansion in Healthcare and Life Sciences as key priority
- Potential add-ons in Safety to further strengthen the product portfolio



## FINANCING TOOLS

- Full access to capital markets tools (debt, equity and hybrids), on top of traditional banking channel, to be assessed depending on specific needs/market conditions
- Paper exchange to be potentially considered on a case-by-case basis



## PRICING AND LEVERAGE DISCIPLINE

- Rigorous pricing discipline to maximise value creation for shareholders
- Balanced approach between short-term returns and long-term strategic rationale
- Acquisitions to generate accretive returns on a defined hurdle rate within a 3Y horizon
- Fully sustainable target leverage, in line with best market standards for listed companies



Pursuant to art. 154-bis, paragraph 2, of the Italian Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at GVS S.p.A., Emanuele Stanco, declares that the accounting information contained herein correspond to document results, books and accounting records.

This presentation contains certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on GVS S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of GVS S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price, and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. GVS S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

This presentation does not constitute a recommendation regarding the securities of the Company. This presentation does not contain an offer to sell or a solicitation of any offer to buy any securities issued by GVS S.p.A. or any of its subsidiaries, in Italy pursuant to Section 1, let t) letter (t) of Legislative Decree no. 58 of February 24, 1998, or in any other country or state.

The information contained in this presentation does not purport to be comprehensive and has not been independently verified by any independent third party. The reader should consult any further disclosures GVS may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.