



# GVS SPA

SEPTEMBER 2020

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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. declares that the accounting information contained herein correspond to document results, books and accounting records.

# Agenda



1

**H1 and FY 2020 Outlook**

2

**Company Presentation**

**Appendix: Additional Materials**

# UPDATE ON GVS AND BUSINESS ENVIRONMENT



## Actions Put In Place by GVS in The First Half

- H1 presented **exceptional business opportunities** for GVS, but also several operational challenges
- Workforce safety measures implemented globally since February, ahead of Government imposed requirements
- All manufacturing facilities have continued to be fully operational globally, except for a c.10-day period shutdown in the Suzhou factory in China
- 41<sup>1</sup> new production lines and about **1.000<sup>1</sup> new hires** (70% temporary) to meet surge in demand for PPE and Healthcare Air filters
- Supply chain secured thanks to local presence in each market with well-planned sourcing of key raw materials
- Closed **two M&A deals**, the first in Life Sciences in January and **the second in Healthcare in June**
- Supported local communities through donations and collaborations with hospitals and local governments

## Business Environment

- Exceptional demand in 2020 for PPE and Healthcare Air Filtration (for ICUs ventilators and assisted breathing devices), but increased level of awareness and demand here to stay in the future
- Structural increase in spending in healthcare and research by governments expected in the future
- Industrial end market performed in line with expectations given the challenging context, with recovery signals

1. As of 30<sup>th</sup> June 2020

# H1 2020 GVS Performance Highlights



## **Sales: 25% of growth on the previous year**

- Q2 reflected the impact of the actions put in place to face the business acceleration due to the Covid 19.
- Trend FY2020 in line with guidance given in May.

## **EBITDA: 37% of Adjusted EBITDA Margin on Sales**

- 31,5% of EBITDA margin in Q1 and 42,0% of EBITDA margin in Q2.

## **NFP: 9 M€ of H1 NFP: 26,5M€ improving without IPO e M&A vs the YE 2019**

- 78 M€ of net cash in from the IPO capital increase.
- 10,5 M€ of cash out for two M&A operations: Graphic Control 3,5 M€, Haemonetics PR 7 m€
- Right of Use about 10 M€, so we are actually cash positive.

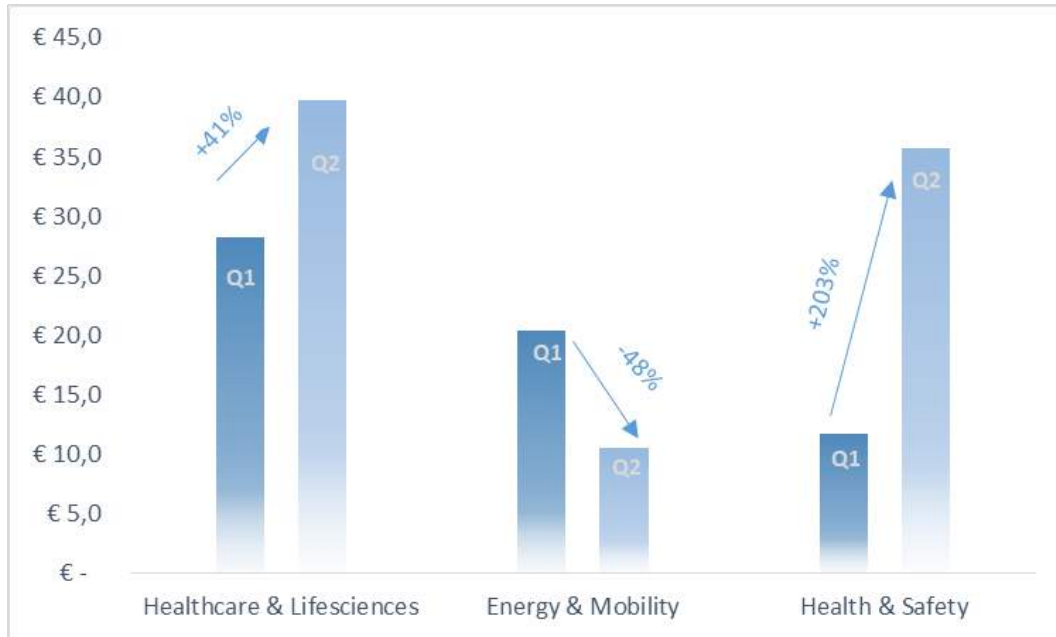
## **Leverage KPI: Debt/Equity 0 and NFP/EBITDA 0,1**

- The two key financial KPI are coherent with expectations.

# 2020 EVOLUTION OF SALES

**TOTAL SALES H1 2020: 146,3 M€**

In H1 2020, two of three GVS Divisions performed in line (even better) with the guidance. Health & Safety is growing in terms of relative weight on the total business as well as the Healthcare & Lifesciences.

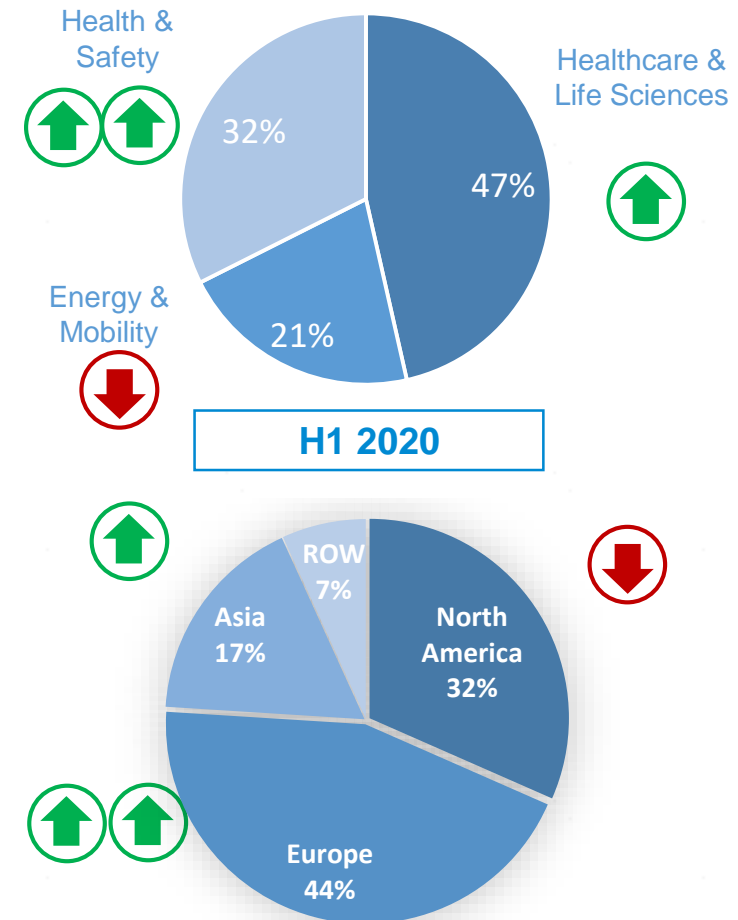


Q2 2020 = 86,0 M€

vs

Q1 2020 = 60,3 M€

**+ 43%**

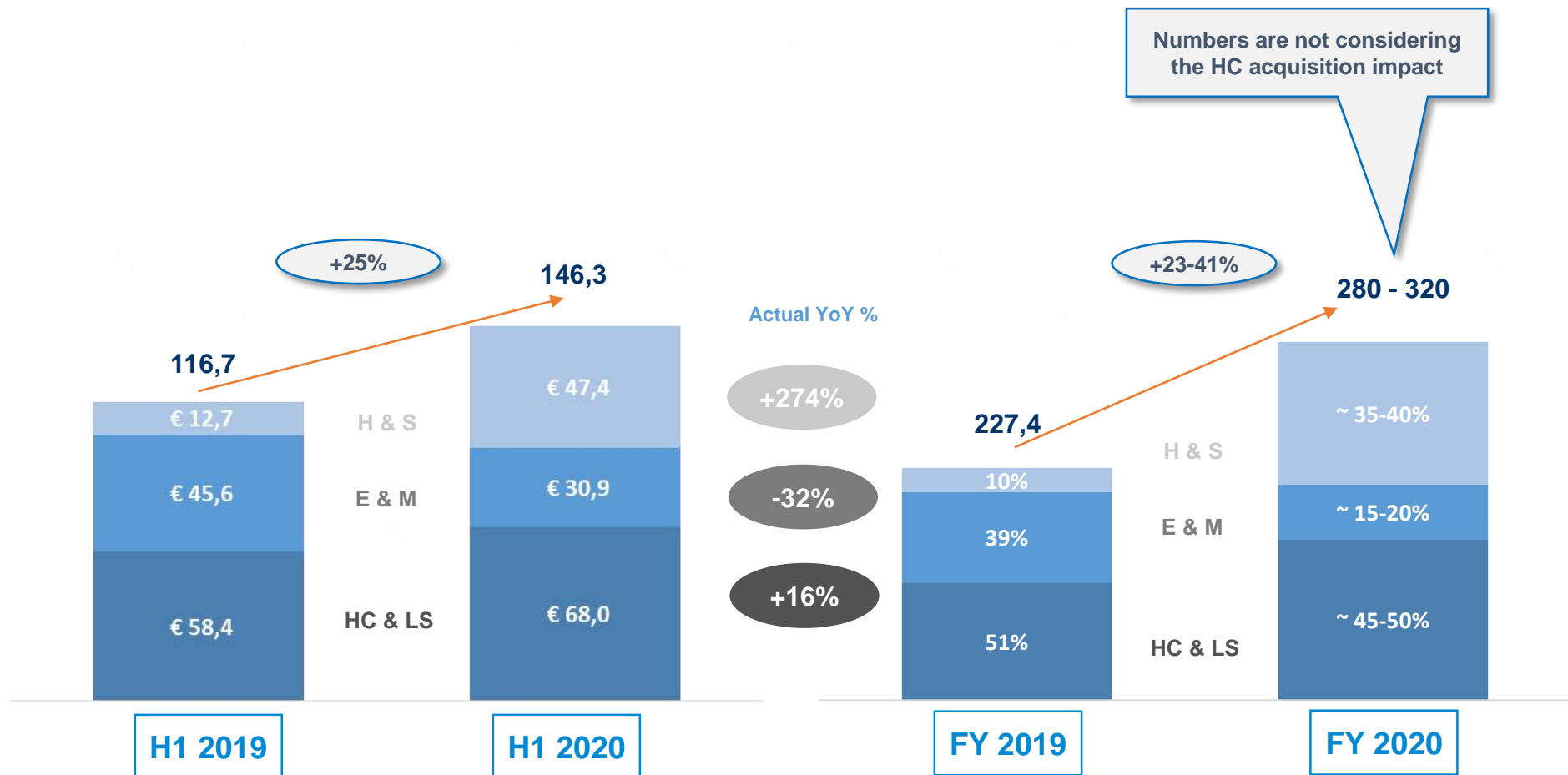




# VISIBILITY ON 2020 PERFORMANCE

## H1 Results (€m)

## FY 2020 Guidance (€m)

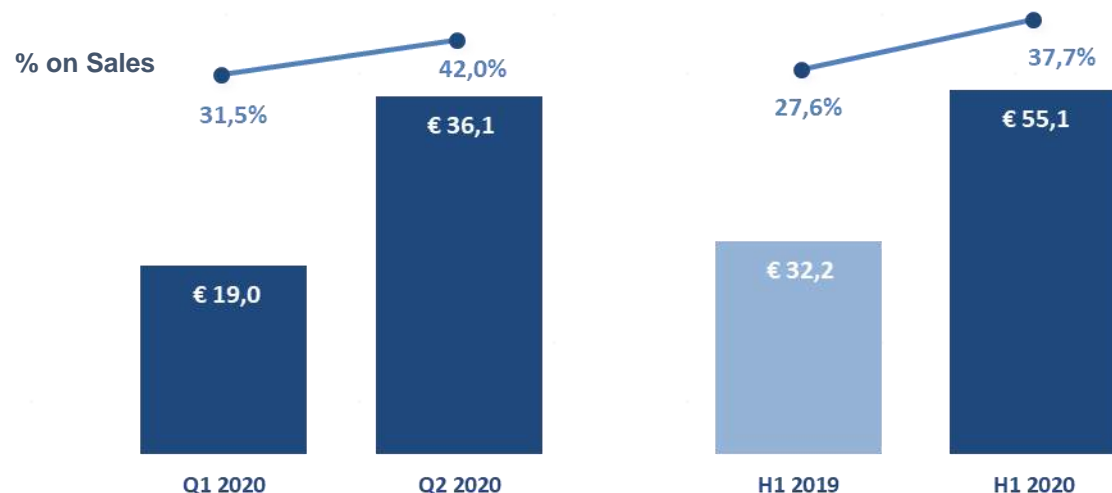


**FY 2020 expected sales are already covered by actual sales plus a current strong order book value. Expectations are to reach the high side of the guidance.**

Note: Division and sub-division figures rounded to first decimal point

# Key Financial Highlights — EBITDA and EBIT

## ADJUSTED EBITDA<sup>1</sup> (€M)

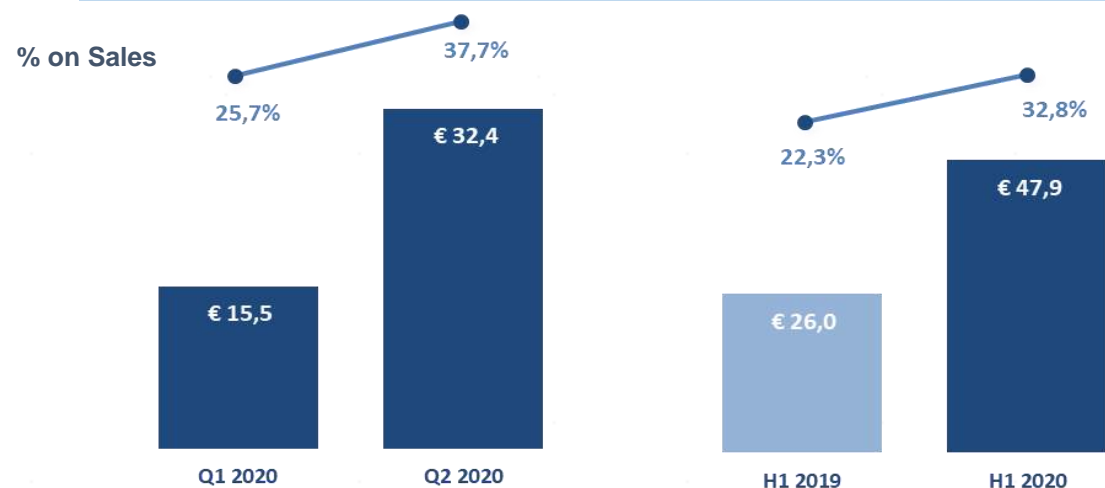


## KEY COMMENTS

### Adjusted EBITDA:

- Adjusted EBITDA increased 90% in Q2 compared with Q1.
- In H1 2020 adjusted EBITDA increased 71% vs. H1 2019.
- Trend is in line with the Guidance 2020.

## ADJUSTED EBIT<sup>2</sup> (€M)



### Adjusted EBIT:

- Adjusted EBIT has been adjusted for PPA related amortization and other non-recurring income and costs for comparability purposes
- Adjusted EBIT increased 109% in Q2 compared with Q1.
- In H1 2020 adjusted EBIT increased 84% vs. H1 2019.

**Note:** margins calculated on revenues from contracts with customers excluding other income. Please refer to Appendix for further details on adjustments

1. Adjusted for non recurring costs / income;

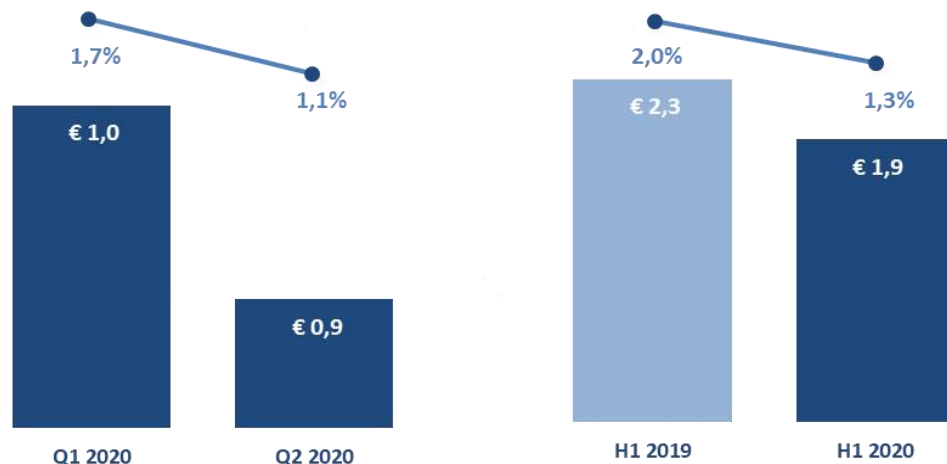
2. Adjusted for non recurring costs / income and PPA related amortization.



# Key Financial Highlights — Net Income, Fin. Exp. & Taxes

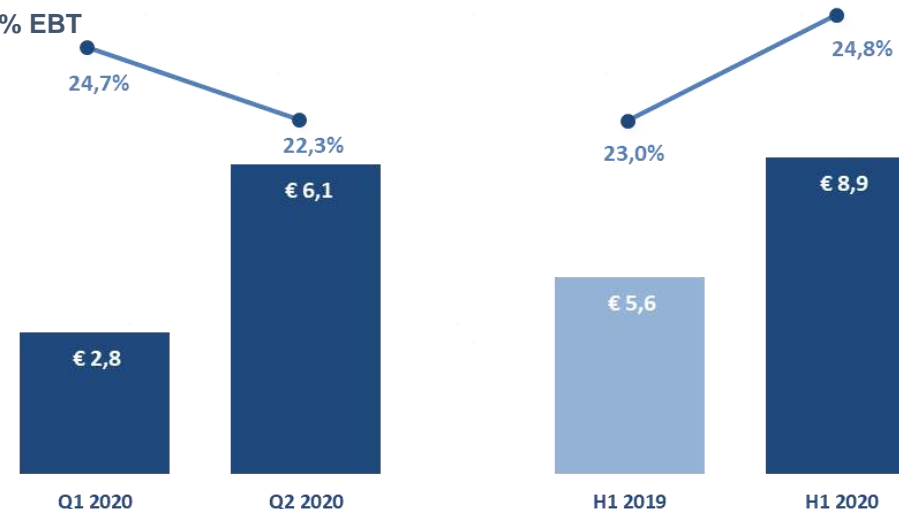
## NET FINANCIAL EXPENSES EXCL. FX GAINS/LOSSES (€M)

% on Sales



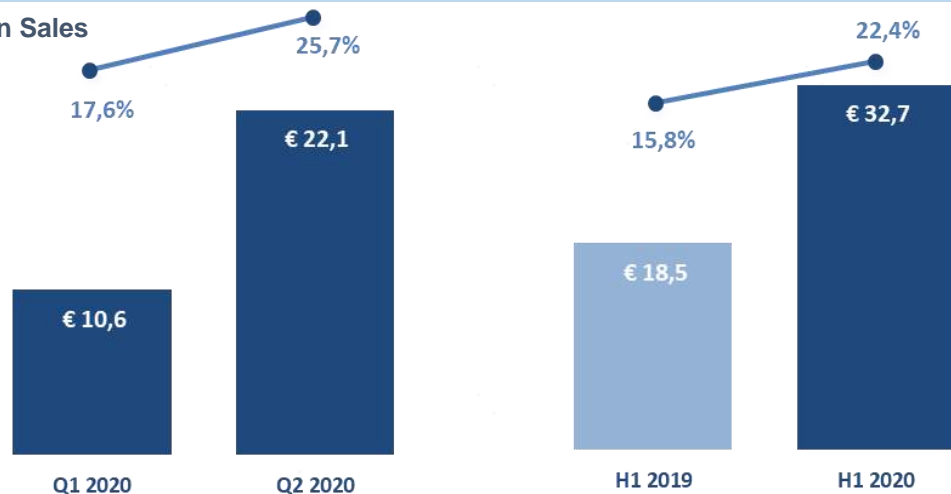
## TAXES (€M)

% EBT



## ADJUSTED GROUP NET INCOME<sup>1</sup> (€M)

% on Sales



## KEY COMMENTS

- Net Financial expenses is reducing in 2020 as a result of the NFP reduction.
- Final effect of the effective tax rate (calculated as percentage of EBT) will be confirmed at the end of the year.
- Adjusted Group Net Income increased 108% between Q2 and Q1, with a 77% improvement in profitability YoY.

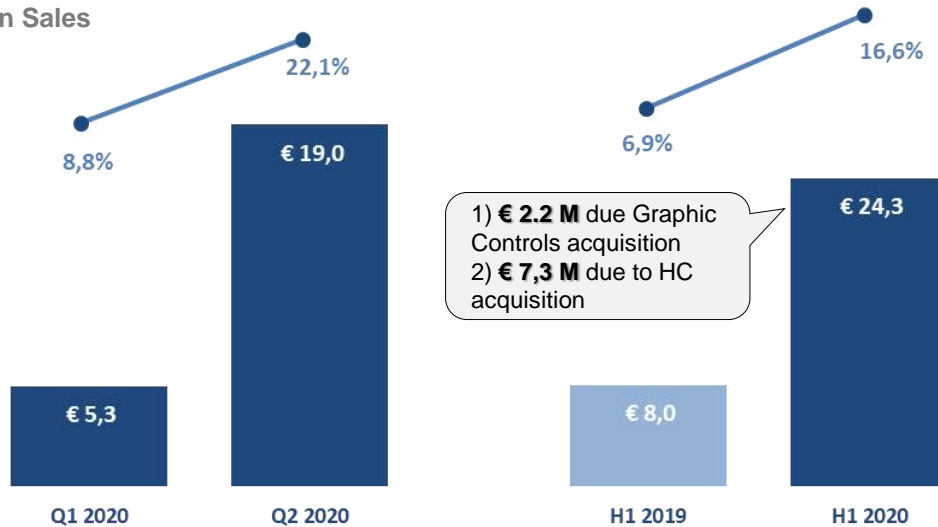
**Note:** margins calculated on revenues from contracts with customers excluding other income. Please refer to Appendix for further details on adjustments

1. Adjusted for non-recurring costs / income and relative fiscal impact, PPA related amortization and related fiscal impact and alignment of tax rates due to fiscal reforms.

# Key Financial Highlights — CapEx, TWC and R&D

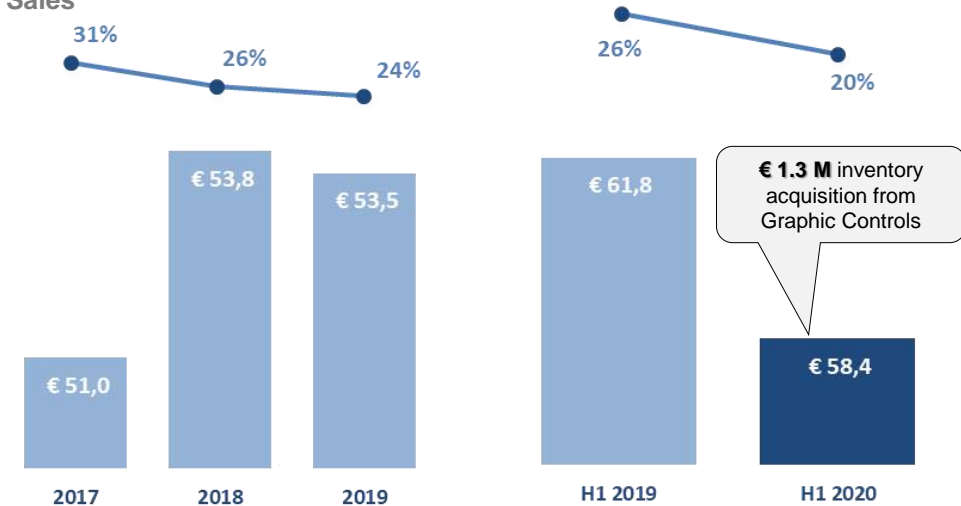
## CAPEX<sup>1</sup> (€M)

% on Sales



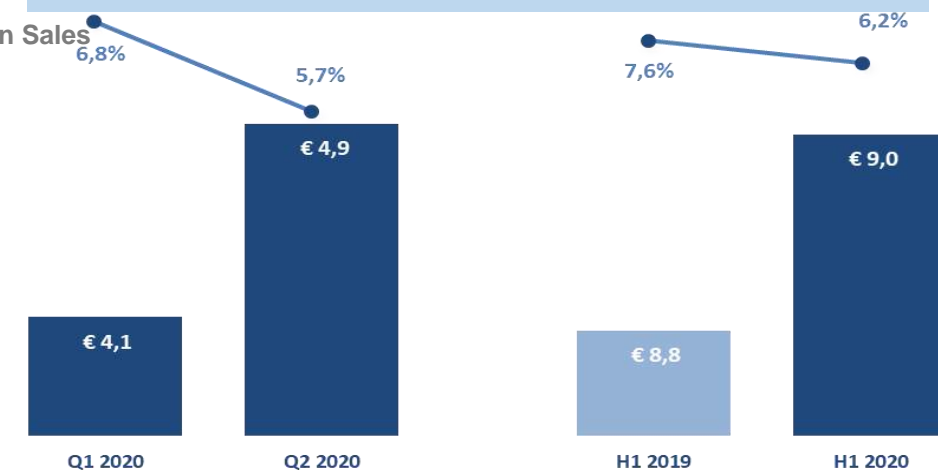
## TRADE WORKING CAPITAL (€M)

% on Sales



## R&D<sup>2</sup> (€M)

% on Sales



## KEY COMMENTS

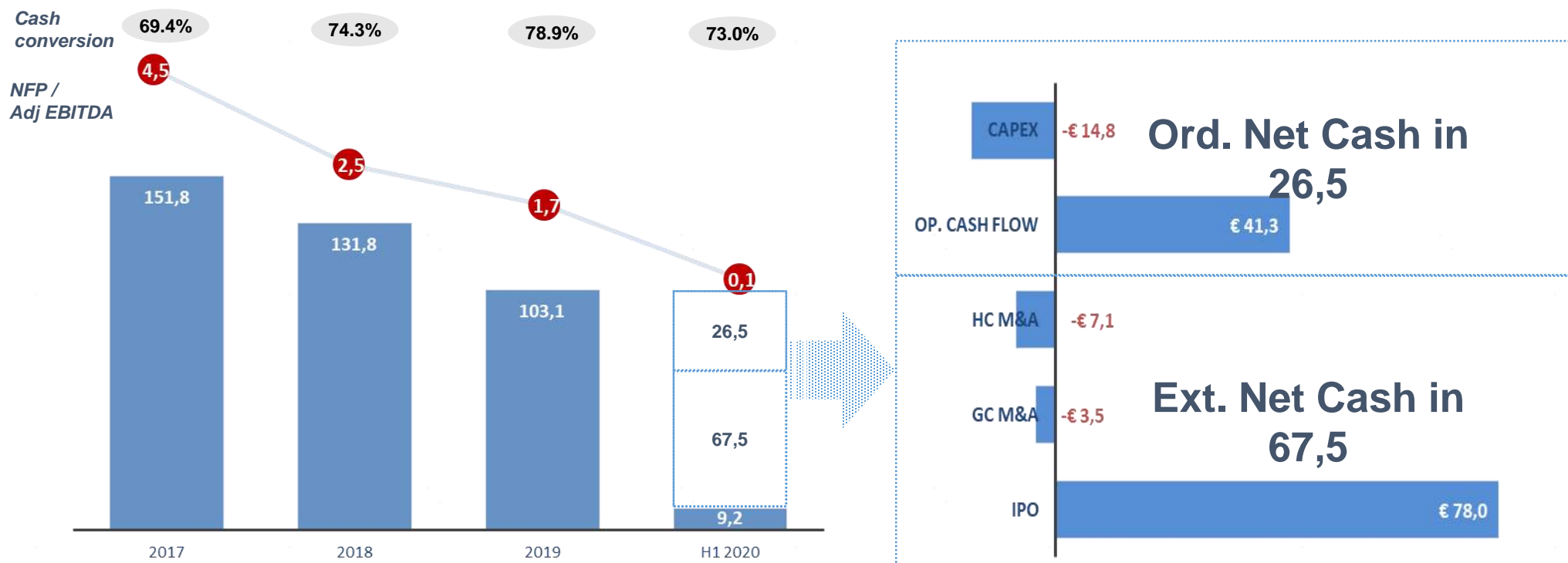
- About 9,5 M€ as Capex related to M&A, 14,8 M€ as Gross Capex related to the new production lines (without considering any customer contribution c.4M€)
- 6M€ Gross Capex growth compared with the same period of the previous year
- TWC is increasing on year end 2019 due to the sales increase but is reducing in terms of percentage on sales even considering the GC acquisition
- GVS is increasing the R&D investment even if the % incidence on sales reduced to c. 6% due to the strong increase of the total sales.

Note: Capex and R&D % of revenues calculated on revenues from contracts with customers excluding other income

1. Exclude investments in financial assets; 2 Includes R&D expenses included in income statement and capitalized costs

# Key Financial Highlights — Net Financial Position

## NET FIN. INDEBTEDNESS (€M) AND CASH CONVERSION<sup>1</sup>



## KEY COMMENTS

NFP has decreased in the first half of 2020 down to 9,2 M€, **94M€** less than year end 2019:

- M&A and IPO generated a net cash in about **67,5 M€** as net cash in from extraordinary activities.
- Operative Cash flow less Capex generated **26,5 M€** in the first half 2020.

Cash Conversion will improve in the second half as usual, due to the traditional concentration of CapEx cash out in the first half.

1. Cash conversion calculates as (Adjusted EBITDA-Capex)/Adjusted EBITDA). Capex exclude M&A investments.

# H1 2020 GVS Closing Remarks



## Operations

- Factories suffered no shutdown (except for a c.10 days period in the Suzhou factory in China)
- GVS ramped up production in existing factories and added 41 new production lines
- About 1.000 new hires (70% temporary) and reallocation of people from E&M lines with lower demand

## Sales

- Q1 in line with expectations and previous year, while Q2 start to show the impact of the installed new line to support the growing demand of the market due to the Covid-19 pandemia.

## New Activities

- Research of new acquisition target is ongoing.
- New GVS Office in India

## Guidance

- GVS Confirms the guidance presented for 2020 excluding the HC PR acquisition.
- In relation to the actual consensus GVS believes to be on a prudent side.

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FILTER TECHNOLOGY

# COMPANY PRESENTATION



HEALTHCARE & LIFE SCIENCES

*THE ONLY WAY TO SAY FILTRATION*



ENERGY & MOBILITY



HEALTH & SAFETY



# Key People



**Massimo  
Scagliarini**

*35 years in GVS*  
**CEO**

- In GVS since 1985, started as Sales Manager and currently serves as CEO
- Holds a diploma in Accounting



**Mario  
Saccone**

*23 years in GVS*  
**CFO**

- MBA from Profingest Management School, Bologna, Italy
- MSc in Economics from University Federico II, Naples



**Matteo  
Viola**

*11 years in GVS*  
**COO**

- In GVS since 2008, started as controller and currently serves as COO
- MSc in Economics from University of Parma



**Marco  
Scagliarini**

*35 years in GVS*  
**VP Energy &  
Mobility**

- Held several managerial position in GVS
- Currently CEO of GVS Real Estate



**Luca  
Zanini**

*20 years in GVS*  
**VP Healthcare &  
Life Sciences**

- In GVS since 2000
- Previously a sales manager in Comar Condensatori and in SMS srl where he started his career



**Pierre  
Dizier**

*6 years in GVS*  
**VP Health &  
Safety**

- MSC in International Business and Finance from Université de la Méditerranée (Marseille)
- Previously worked for JSP Ltd



**Luca  
Querzè**

*22 years in GVS*  
**Research &  
Development VP**

- In GVS since 1998 covering different managerial roles
- MSc Engineering from University of Bologna, MBA from Profingest, Bologna



# GVS provides advanced filtration solution for critical application in Highly-regulated end markets



Our  
**TECHNOLOGY**  
supports **LIFE** and  
guarantees  
**SAFETY** in the  
most **CRITICAL**  
**ENVIRONMENTS**

# GVS economic and production improvement over the last 40 years



2019 Turnover € 230M



**1979 1984 1989 1994 1999 2004 2009 2012 2015 2018 2019**

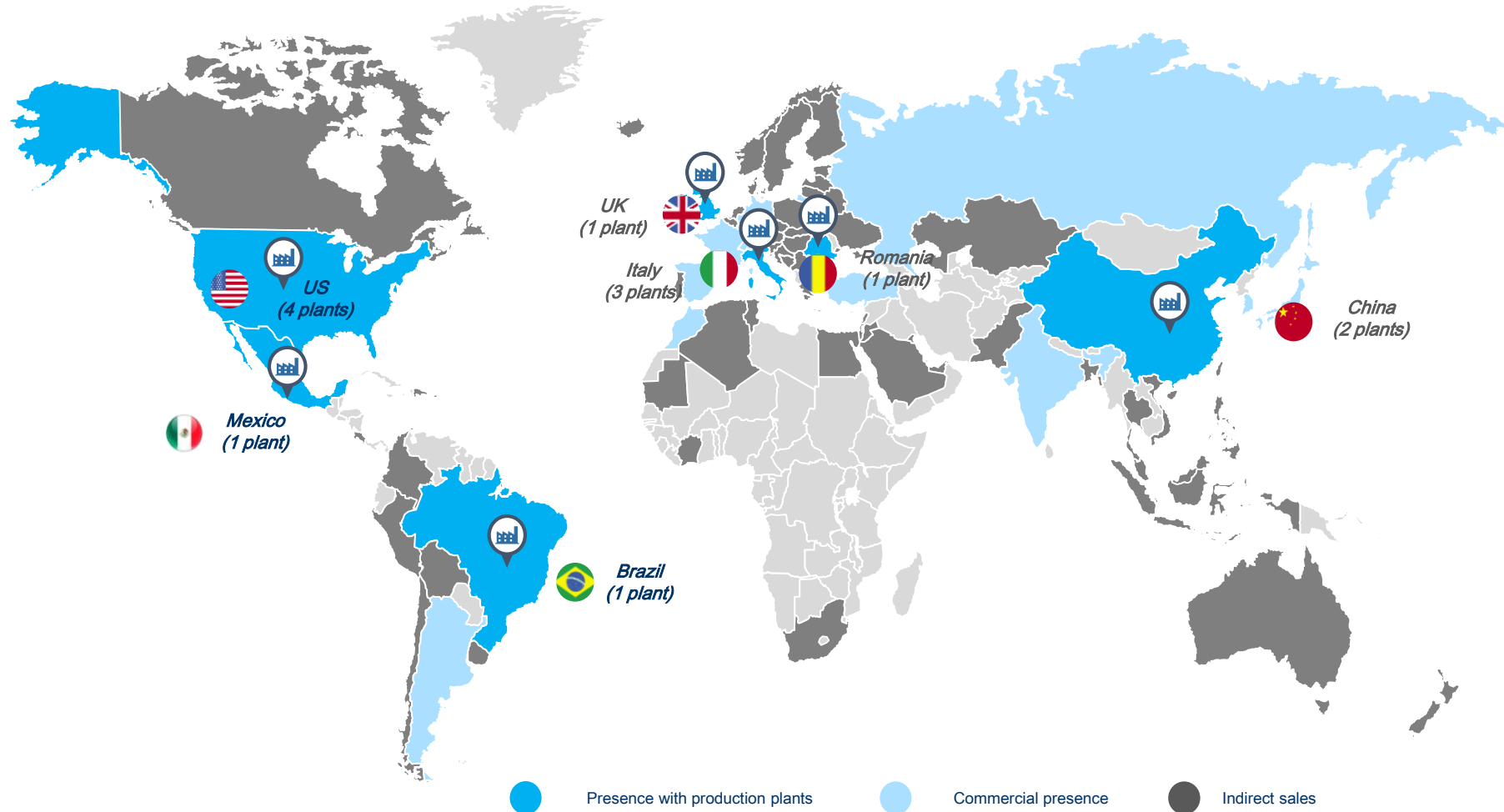


# The Head Office and 3 manufacturing facilities are based in Italy

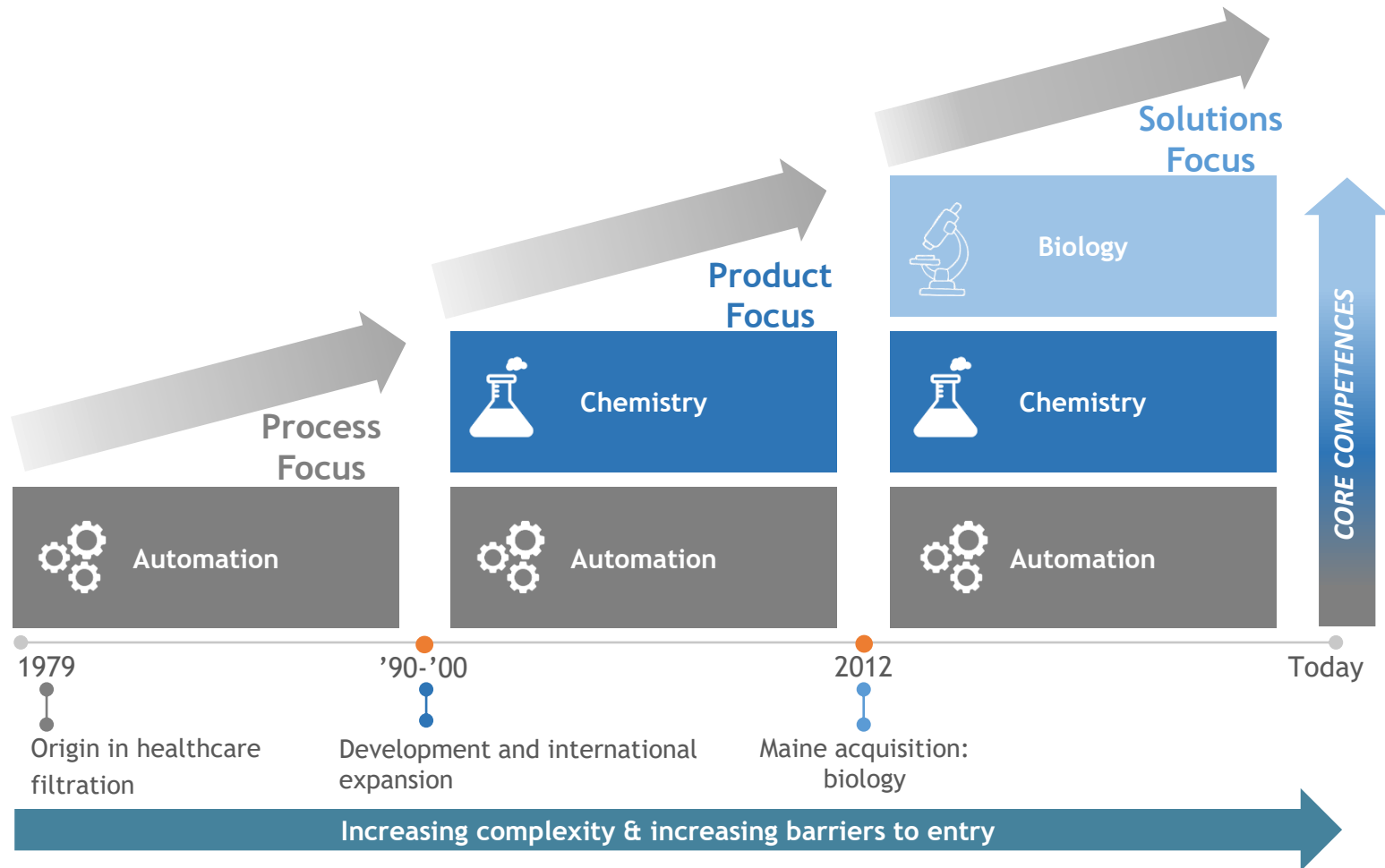
## REVENUES BREAKDOWN BY GEOGRAPHY3 - 2019A



# GVS has 13 production facilities, in several worldwide locations.

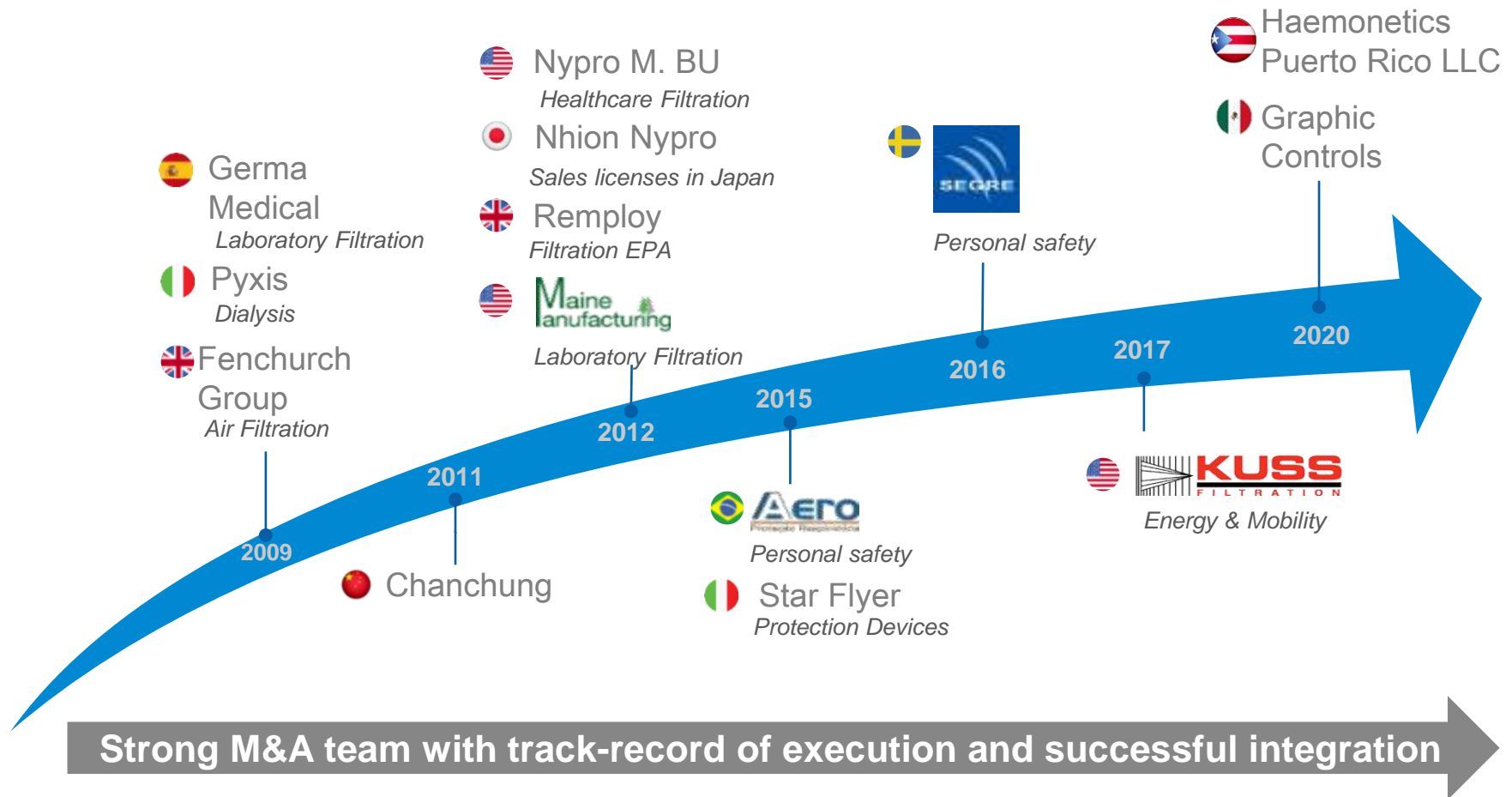


# GVS evolved from a small healthcare components supplier into a global diversified filtration group



# 14 M&A TRANSACTIONS SINCE 2009

Adding capabilities and strengthening presence across China, the UK and North America

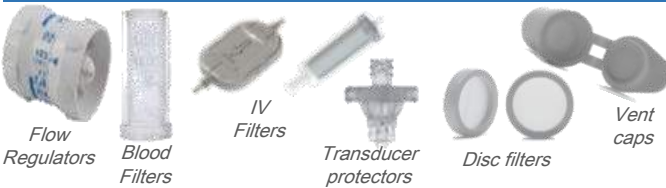




# Divisions and Products Line

## Healthcare & Life Sciences

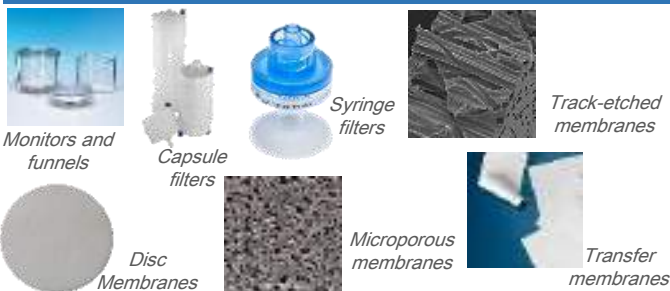
### ➤ Healthcare & Liquid



### ➤ Healthcare Air & Gas



### ➤ Laboratory



## Health & Safety

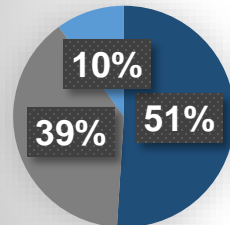
### ➤ Personal Safety



### ➤ Air Safety



## Sales



- Healthcare & Life Sciences
- Energy & Mobility
- Health & Safety

## Energy & Mobility

### ➤ Powertrain & Drivetrain



### ➤ Safety & Eletronics

















































### ➤ Sports & Utility





# Diversified blue-chip client base

Division		2019A Revenues Breakdown <sup>1</sup> (%)	Illustrative example of companies requiring filtration solutions <sup>2</sup>	
End Markets	Healthcare & Life Sciences	Healthcare Liquid and Healthcare Air	43%	<div></div> <div></div>
		Laboratory	8%	<div></div>
	Health & Safety	Personal Safety	6%	<div></div>
		Air Safety	4%	<div></div>
	Energy & Mobility	Powertrain & Drivetrain and Safety & Electronics	28%	<div></div>
		Sports & Utilities	11%	<div></div> <div></div>

Over 4,600 customers, long-tenured relationship with top clients

1. Excluding €3.2m other income not attributable to single categories; 2. Most of them are GVS clients.

# GVS's divisions differentiate for an integrated and highly synergistic business model



Healthcare &  
Life Sciences

Healthcare  
& Safety

Energy &  
Mobility

» Sales and Distribution

» Similar stringent approval processes

» Common Manufacturing processes and technologies

» High quality standards required

» Shared R&D activities

# Our success is based on strong focus on innovation and customer satisfaction

7

R&D centers with  
chemical and biological  
know-how



~8%

Of sales  
in R&D



52

Patents for proprietary  
products



105

Highly skilled R&D  
professionals

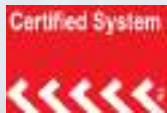


~80

External quality audits  
p.a.



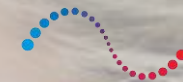
## International quality certificates and awards



Intertek



## Preferred Supplier



GVS has obtained several Quality Certification, from several Certification Body

Kiwa Cermet Italia S.p.A.  
Società con socio unico,  
soggetta all'attività di  
direzione e coordinamento di  
Kiwa Italia Holding Srl  
Via Cadriano, 23  
40057 Granarolo dell'Emilia  
(BO)  
Tel +39.051.459.3.111  
Fax +39.051.763.382  
E-mail: info@kiwacermet.it  
www.kiwacermet.it



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over 150 subsidiaries all over the globe.



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CISQ AUTOMOTIVE  
Consorzio di Organismi di  
Certificazione Italiani dei  
sistemi di gestione aziendale  
accreditato IATF



# An ESG-compliant organization



## ENVIRONMENTAL

- 1
  - UNI EN ISO 14001 certification for Environmental Management System (EMS) achieved by the majority of GVS plants and in progress for the remaining ones
  - Group environmental policy with annual objectives
  - Local for local production strategy to reduce transportation-related pollution
  - Constant effort in reducing the use of polluting materials
  - Sustainable packaging



## SOCIAL

- 2
  - Support of a range local charitable and non-profit organizations
  - In recent years, in lieu of Christmas gifts, GVS has made donations to Associazione Nazionale Tumori and Save the Children
  - Collaboration with Schools and Universities
  - Occupational Health and Safety certification OHSAS 18001 achieved by Italian and Romanian plants



Save the Children



## GOVERNANCE

- 3
  - Ethics Code
  - Board of Statutory auditors with 3 members guaranteeing protection of shareholders' rights
  - Supervisory board overseeing and controlling the governance system
  - Internal approval procedure with segregation of duty

# Agenda



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H1 and FY 2020 Outlook

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Company Overview

Appendix: Additional Materials

# Key Financial Highlights — Income Statement

YTD 30/06 (€m)	H1 2019A	H1 2020A	Var. %
Healthcare & Life Sciences	58,4	68,0	16%
Growth %			
Energy & Mobility	45,6	30,9	-32%
Growth %			
Health & Safety	12,7	47,4	274%
Growth %			
Revenues from contracts with customers	116,7	146,3	25%
Other Income	1,2	0,7	
Total Revenues	117,9	147,0	25%
Raw Materials	(34,4)	(35,3)	
Personnel	(38,0)	(44,0)	
Cost of Services	(11,7)	(16,8)	
Other Costs	(2,0)	(1,3)	
EBITDA	31,8	49,7	56%
Margin (%)	27%	34%	
Non recurring costs (income)	0,4	5,5	
Adjusted EBITDA	32,2	55,1	71%
Margin (%)	27,6%	37,7%	
D&A and write-offs	(8,1)	(9,2)	
o/w PPA related amortization	(1,9)	(2,0)	
EBIT	23,7	40,5	71%
Margin (%)	20%	28%	
Adjusted EBIT	26,0	47,9	84%
Margin (%)	22,3%	32,8%	
Net Financial Expenses net of FX gains/(losses)	(2,3)	(1,9)	
FX gains/(losses)	0,6	(2,7)	
EBT	22,0	35,9	63%
Margin (%)	18,8%	24,5%	
Taxes	(5,8)	(10,6)	
o/w Non recurring inc./cost tax effect	(0,2)	(1,7)	
Net Income	16,4	27,0	64%
Margin (%)	14,1%	18,5%	
Adjusted Net Income	18,5	32,8	77%
Margin (%)	15,8%	22,4%	

Note: margins calculated on revenues from contracts with customers excluding other income



# Key Financial Highlights — Adjustments Overview

	YTD 30/06 (€m)	H1 2019A	H1 2020A
Non recurring costs (income)	<b>EBITDA</b>	<b>31,8</b>	<b>49,7</b>
	Start-up costs	0,1	-
	Write-off of tax receivables	0,1	-
	Personnel reorganization costs	0,1	0,2
	Transaction costs	-	0,3
	IPO costs	-	5,0
	<b>Adjusted EBITDA</b>	<b>32,2</b>	<b>55,1</b>
	<i>Margin (%)</i>	<i>27,6%</i>	<i>37,7%</i>
	<b>EBIT</b>	<b>23,7</b>	<b>40,5</b>
	Non recurring costs (income)	0,4	5,5
	PPA related amortization	1,9	2,0
	<b>Adjusted EBIT</b>	<b>26,0</b>	<b>47,9</b>
	<i>Margin (%)</i>	<i>22,3%</i>	<i>32,8%</i>
	<b>Group Net Income</b>	<b>16,4</b>	<b>27,0</b>
	Non recurring costs (income)	0,4	5,5
	PPA related amortization	1,9	2,0
	Fiscal impact of amortization of intangible assets recorded under the PPA method & non recurring	(0,2)	(1,7)
	<b>Adjusted Group Net Income</b>	<b>18,5</b>	<b>32,8</b>
	<i>Margin (%)</i>	<i>15,8%</i>	<i>22,4%</i>

Note: margins calculated on revenues from contracts with customers excluding other income.

# Key Financial Highlights — Balance Sheet

YTD 30/06 (€m)	H1 2019A	H1 2020A
Property Plant & Equipment	51,0	62,5
Intangible Assets	100,2	98,8
Right of use	6,4	9,4
Financial Fixed Assets	0,3	0,4
<b>Net Fixed Assets</b>	<b>157,9</b>	<b>171,2</b>
Inventories	36,4	44,0
Trade Receivables	42,5	47,8
Trade Payables	(17,1)	(33,4)
<b>Trade Working Capital</b>	<b>61,8</b>	<b>58,4</b>
Other Current Assets / (Liabilities)	(5,8)	(19,4)
<b>Net Working Capital</b>	<b>56,0</b>	<b>39,0</b>
Other Assets / (Liabilities)	2,0	0,4
Funds and Provisions	(4,0)	(4,2)
<b>Net Invested Capital</b>	<b>212,0</b>	<b>206,4</b>
<b>Shareholders' Equity</b>	<b>82,6</b>	<b>197,2</b>
Financial Debt	136,4	99,8
Lease Liabilities	3,1	3,6
(Cash & cash equivalents <sup>1</sup> )	(10,1)	(94,2)
<b>Net Financial Indebtedness</b>	<b>129,4</b>	<b>9,2</b>
<i>Net Financial Indebtedness / Adjusted LTM EBITDA</i>	<i>n/a</i>	<i>0.1x</i>
<b>Total Sources</b>	<b>212,0</b>	<b>206,4</b>

<sup>1</sup> Includes also the item Current Financial Assets.

# Key Financial Highlights — Cash Flow Statement

<b>YTD 30/06 (€m)</b>	<b>H1 2020A</b>
<b>Adjusted EBITDA</b>	<b>55,1</b>
Taxes	(8,9)
Δ Net Working Capital	4,6
Net Capex (incl. Financial assets)	(25,3)
<b>Operating Cash Flow</b>	<b>25,5</b>
Net financial results	(4,6)
Extraordinary items	(5,5)
Δ Funds and provisions	-
Δ Equity	78,4
<b>Change in net debt</b>	<b>93,9</b>
BoP	103,1
EoP	9,2

# Basis of preparation of financials



- Financial Overview slides present consolidated and division financial information of GVS S.p.A. and its reporting units
- The financial information has been prepared in accordance to IFRS
- Due to rounding, numbers expressed in millions throughout this section may differ from those expressed precisely to the totals
- EBITDA is defined as the sum of net income, taxes, net financial expenses, depreciation and amortization and net impairment losses on financial assets