

Prowess in M&A to boost future growth

December 17th, 2021, at 17:30

Mastery and expertise in M&A activity for further expansion

Svas Biosana Group is an Italian leading player in medical devices and consumables, acting as both manufacturer and distributor. The Group was founded in 1972 in Southern Italy by Francesco Fausto Perillo with to provide medical devices in the area. Since then, Svas Biosana has started its growth path. Since the 90', the Company has been building a successful M&A track record: i) it acquired Galenica Senese to enter the injectable solutions market; ii) in 1996, it bought Vincenzo Sorrentino & Figli, active in cotton derivatives, used in health care and cosmetics; iii) in 2004, it acquired Fabbrica Italiana di Medicazione; iv) in 2015, it entered the Balkan area through the purchasing of Mark Medical, a distributor of medical devices and drugs in Slovenia, Croatia, Serbia, Bosnia & Herzegovina; v) in 2019, it bought back the minority stake in Svas Biosana held by Atlante private equity fund. As of today, Svas Biosana has a clear and focused M&A strategy for further national and international expansion.

Significant growth in 2021

The Company showed resilience to Covid-19 outbreak, reporting a 3.4% yoy revenues increase and improving EBITDA margin to 12.6% in 2020 (12.5% in 2019). In the 1H21, sales increased by 2.2% yoy to €38.6m and EBITDA margin rose by 110bps to 14.9%.

Strategic development and our 2021E-2024E estimates

The medical devices industry is expected to grow at a 5.4% CAGR21E-28E, after a 3.7% yoy decline in 2020 due to Covid-19 impact. The industry of medical disposables is projected at +4.5% CAGR20-27E. The rise in both industries is driven by: i) ageing population; ii) rise of chronic diseases; iii) expansion of medical technologies; iv) sudden emergence of severe infections; v) new investments in R&D to improve safety and efficacy. For the near future, Svas Biosana is set to expand its business further with a growth strategy based on four key pillars: i) external growth through M&A; ii) logistics upgrading to reduce the time to market; iii) expansion of production capacity; iv) product development to reach a larger share of customers.

Our 2021E-2024E estimates include IPO capitalized costs for €2.2m and IPO proceeds with a capital increase of €20m. Revenues are expected to grow at 6.7% CAGR21E-24E to €99.4m (€76m in 2020); EBITDA is seen to reach €15m (€9.6m in 2020), with margin improving to 15.1% (12.6% in 2020). We expect cumulated 2021E-2024E FCFs at €20.7m or a yearly average of €5.2m, including €13.8m of cumulated capex and €8.5m of NOWC needs.

Valuation: 12-month target price at €20.5; BUY

We run a DCF approach on an annual average FCF of some €5.3m in the 2022E-2024E period and set WACC at 7.3%. As there are no listed companies that can be considered as good as "comparables" to Svas Biosana, for significant differences in terms of business model and company size, to set our 12-month Target Price we decide to weight our valuation more on DCF than on peers' average EV/EBITDA 2022E. Thus, we set our 12-month Target Price at €20.5/share, including IPO costs and proceeds and current developing phase of the business. Given the significant potential upside on Svas's closing price, our recommendation is BUY.



Target price	€20.5			
Recommendation	BUY			
Price as of December 17 th	€15			
Number of shares (mln)	5.6			
Market capitalization (€ mln)	83.8			
Market segment	Euro Next Growth			
Performance	from IPO			
Absolute	+20%			
Max / Min	15.3/14.5			
Average daily volumes ('000)	78.6			
(€, mln)	2020	2021E	2022E	2023E
Revenues	76.0	81.9	87.1	93.1
yoy change (%)	3.4%	7.7%	6.4%	6.8%
EBITDA	9.6	11.3	12.4	13.8
margin (%)	12.6%	13.8%	14.2%	14.9%
EBIT	5.1	7.4	7.9	8.8
margin (%)	7%	9%	9%	9%
Net income	2.5	4.3	4.6	5.4
margin (%)	3%	5%	5%	6%
Adj Net Debt/(cash)	40.1	21.6	17.5	13.5
Shareholders' Equity	27.7	52.0	56.6	62.0
Capex	3.0	3.3	3.5	4.0
Free Cash Flow	4.2	3.7	5.8	6.6

Source: Banca Profilo estimates and elaborations, Company data.

Francesca Sabatini

Head of Equity Research

francesca.sabatini@bancaprofilo.it

+39 02 58408 461

Maria Teresa Di Grado

Equity Research

mariateresa.digrado@bancaprofilo.it

+39 02 58408 298

Sales Desk

+39 02 58408 478

Contents

Executive summary	4
<i>Svas Biosana in a nutshell.....</i>	<i>4</i>
<i>Main Financial data and estimates (2021E-2024E)</i>	<i>4</i>
<i>Route to valuation</i>	<i>5</i>
The reference market	7
<i>The Global medical devices industry</i>	<i>7</i>
<i>The European market.....</i>	<i>8</i>
<i>The Italian market.....</i>	<i>9</i>
<i>Main market drivers</i>	<i>10</i>
<i>Medical devices market restraints</i>	<i>12</i>
<i>Medical Disposable market.....</i>	<i>13</i>
Svas Biosana: history, structure and people	15
<i>History</i>	<i>15</i>
<i>Structure</i>	<i>16</i>
<i>People.....</i>	<i>18</i>
Svas Biosana: business model.....	20
<i>Svas value chain</i>	<i>21</i>
<i>Farmex.....</i>	<i>23</i>
<i>Svas</i>	<i>25</i>
<i>Medical</i>	<i>28</i>
<i>Mark Medical</i>	<i>30</i>
<i>Svas Biosana customer base</i>	<i>31</i>
Svas Biosana: its competitive arena	32
<i>Main Italian competitors</i>	<i>32</i>
<i>Sample of listed comparables</i>	<i>34</i>
<i>Key financials</i>	<i>38</i>
Historical operating and financial performance	40
<i>Main operating and financial data FY20</i>	<i>40</i>
<i>Main operating and financial data 1H21</i>	<i>48</i>
2021-2024 strategy and financial estimates	51

<i>Corporate strategies and main risks</i>	<i>51</i>
<i>Our 2021E-2024E estimates</i>	<i>52</i>
Valuation.....	57
<i>DCF valuation.....</i>	<i>57</i>
<i>Relative Valuation on multiples.....</i>	<i>58</i>
Offering structure and IPO Proceeds	59
<i>DISCLAIMER.....</i>	<i>63</i>

Executive summary

Svas Biosana in a nutshell

Svas Biosana an Italian leading player in medical devices

Svas Biosana Group is an Italian leading player in the medical devices and consumables, acting as both a manufacturer and distributor. The Group was founded in Southern Italy in 1972 by Francesco Fausto Perillo with the aim to provide medical devices in the area.

A successful M&A trackrecord

Since the beginning, Svas Biosana started its growth path. In the 85s the Company started its successful M&A track record: i) Svas Biosana acquired Galenica Senese and started the production of injectable solutions; ii) in 1996 acquired Vincenzo Sorrentino & Figli business unit (Salerno), active in cotton derivatives, used in health care and cosmetics; iii) in 2004 Svas Biosana acquired Fabbrica Italiana di Medicazione; iv) in 2015, Svas acquired Mark Medical, a leading operator in the distribution of medical devices and drugs in the Balkan area (Slovenia, Croatia, Serbia, Bosnia & Herzegovina); v) in 2019 repurchase the minority participation in Svas Biosana held by Atlante private equity fund since 2012. As today, Svas Biosana already has a clear and focused M&A strategy for further national and international expansion.

4 business units

Farmex: incontinence aids

Svas: consumables

Medical: medical packs

Mark Medical: advanced medical devices

Svas Biosana business includes four business units:

- Farmex (Svas Biosana): production and sale of incontinence aids, traditional dressing, cotton wool and products for personal care and well-being (34% of 2020 revenues);
- Svas (Svas Biosana): distribution of consumables addressed to a vast range of medical and surgical situations (23% of 2020 revenues);
- Medical (Svas Biosana): production and sale of procedural packs, medical devices for surgical infusion and suction, medical drapes, advanced dressings and lubricating gels for urology (13% of 2020 revenues);
- Mark Medical: export of advanced medical devices in foreign countries (Slovenia, Croatia, Serbia, Bosnia and Herzegovina) (30% of 2020 revenues).

Svas Biosana: more than 68.9% owned by the Perillo family

Svas Biosana was listed on the Euronext Growth segment on 9th December at €12.5/share. The share capital is represented by 5,600,000 shares with a floating of 28.57%.

Perillos's Family owns the 68.9% of Svas Biosana.

Main Financial data and estimates (2021E-2024E)

Revenues increased by 10% from 2018 to 2020

From 2018 to 2020, Svas Biosana's total revenue grew from €69.1mln to €76mln, registering CAGR 18-20 of 5%. Nonetheless, the medical devices crisis due to the pandemic in 2020, the Company showed resilience to Covid-19 reporting revenues increase at +3.4% yoy.

Farmex business unit at 34% of revenues

In terms of revenues, the Farmex business units contributes with the 34% of sales both in 2019 and in 2020, showing an increase of 5% yoy. In the 2020, the Mark Medical segment reported a slight revenue decrease (-10% yoy) mainly due to Covid-19 impact on medical devices.

Medical Device industry is expected to growth at 5.4% CAGR 21E-28E

The Medical Devices industry is expected to grow at a 5.4% CAGR21E-28E, after a 3.7% yoy decline in 2020 due to Covid-19 impact. The industry of medical disposables is projected at +4.5% CAGR20-27E. The rise in both industries is driven by: i) ageing population; ii) rise of chronic diseases; iii) expansion of medical technologies; iv) sudden emergence of severe infections; v) new investments in R&D to improve safety and efficacy. For the near future, Svas Biosana is set to expand its business further with a growth strategy based on four key pillars: i) external growth through M&A; ii) logistics upgrading to reduce the time to market; iii) expansion of production capacity; iv) product development to reach a larger share of customers.

Medical Disposable industry is expected to growth at 4.5% CAGR 21E-27E

*Our estimates:
revenues CAGR 20-24E
at 6.7%*

Svas Biosana: more than 68.9% owned by the Perillo family Svas Biosana was listed on the Euronext Growth segment on 9th December at €12.5/share. The share capital is represented by 5,600,000 shares with a floating of 28.57%. Perillos's Family owns the 68.9% of Svas Biosana.

Route to valuation

*DCF approach well
appraises a cash
generating model*

Given Svas Biosana's cash generating business model, a DCF method well adapts as a valuation approach. Furthermore, we have selected a sample of listed international companies "comparables" to Svas Biosana, in order to suggest an appropriate sample for the relative valuation through market multiples.

*DCF assumptions:
€16mln of cumulated
FCFs*

To run a DCF model, we would use our projections of FCFs for the 2022E-24E explicit period: €16mln of cumulated FCFs or €5.3mln as yearly average.

7.3% WACC

We would use a WACC of 7.3%, derived from:

- risk free rate at 3.0%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days) with an estimated increase in interest rates;
- market risk premium equal to 5.5%;
- beta of 1.5, coming from the average of chosen listed peers;
- target debt to equity structure, with 50% weight of Equity

To assess the Terminal Value, we used what we consider a perpetually sustainable free cash flow at €6.6mln, given by the average of the 2024E FCF. Finally, we assumed 2% perpetual growth rate.

In order to get to the Equity Valuation, we would consider the adjusted net debt as of the end of 2021E equal to €21.6mln, which includes the capital increase of about €20mln.

*Relative market
multiples approach:
EV/EBITDA 2022E at
15.1x*

As no one of the main Italian Competitors are listed, we decided to select a different sample of listed companies that could be considered Svas Biosana comparables, in order to build our multiple valuation analysis.

However, there are no listed companies that can be considered as good as "comparables" to Svas Biosana, for significant differences in terms of business model and company size. To build our sample we firstly conducted a comparative analysis based on three main macro-categories: business model, product range and positioning and company size. Secondly, we concentrated on growth prospects, cash generation and debt leverage. Based on these results, we selected the eleven "comparables" to Svas Biosana: GVS (Italy), Medtronic (US), Coloplast (Denmark), ConvaTec (UK), Stryker Corporation (US), Becton, Dickinson and Company (US), Cardinal Health (USA), Terumo Incorporated (US) and Teleflex Incorporated (US), Integra LifeSciences (US), Shandong Weigao Group Medical Polymer (HK) and Ontex (BEL).

Considering the first sample of closer peers, the EV/EBITDA 2022E is at 15.1x (as of December, the 15th).

SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Multinational Company • Well diversified portfolio • Focus on innovation and R&D • Distinctive Know-How • Resilience to global recession • Long-lasting client relationships • Distribution site close to its end-customer • Successful M&A track record • Products customization • High quality offer • Complementary products • Top end customers 	<ul style="list-style-type: none"> • Italian revenues highly related to National Health System relationship • Revenues associated to tenders • High correlation between Medical Device industry and Covid-19 crisis
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Strategically positioned to boost long term expansion • Growth through M&A • Production capacity expansion • Logistics updates to reduce the time to market • New product lines development 	<ul style="list-style-type: none"> • Intensifying competition within large manufacturers • High growth rates could lead to cost management issues • Internalization of Svas process by its main customer • Cannibalization risk of products under Svas's brand and Thirdy-Party brand • Substitute products competition • Maintaining high quality standard products

The reference market

Svas Biosana an Italian leading player in medical devices

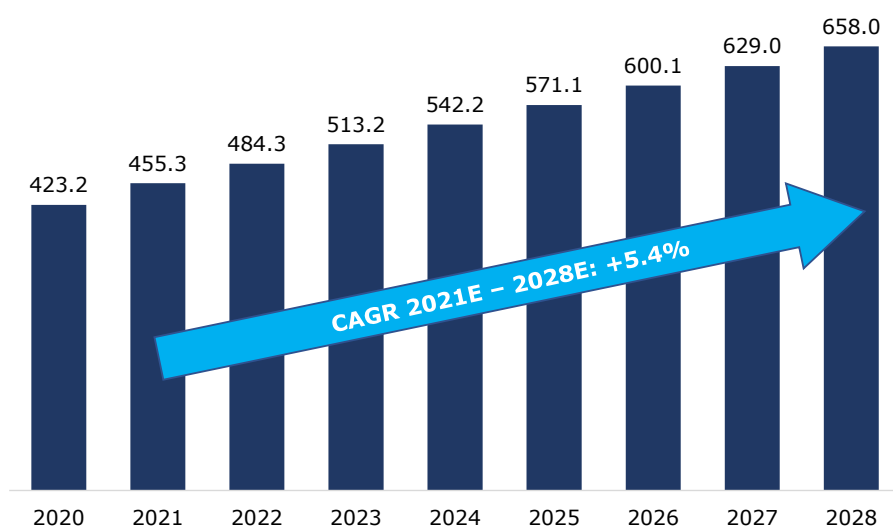
SVAS Biosana Group is an Italian leading player in the medical devices and consumables sector, acting both as a manufacturer and as a distributor. The Group was founded in Southern Italy in 1972 by Francesco Fausto Perillo with the aim to provide medical devices in the area. Today, the Group headquarter is in Somma Vesuviana (Naples) with three production plants located in Ottaviano (Naples) and Somma Vesuviana (Naples). Medical devices constitute the backbone of Svas Biosana commercial offer. The Group registers more than 16,000 references with own and third parties' brands.

The Global medical devices industry

Global medical devices market expected to growth at a 21-28 CAGR 5.4%

In 2020, the global medical devices market size was \$432.23bn. The global impact of Covid-19 has been unprecedented and staggering, with medical devices witnessing a negative impact on the adoption rate across all regions amid the pandemic. According to the analysts, the global market exhibited a decline of 3.7% in 2020 as compared to the average year-on-year growth during 2017-2019. However, it is expected a market increase from \$455.34bn in 2021 to \$657.98bn in 2028 at a CAGR of 5.4% in the 2021-2028 period. The sudden rise in CAGR is attributable to this market's demand and growth, returning to pre-pandemic levels once the pandemic is over.

Figure 1: Value of World Medical Device Market 2021 – 2028 (\$ bn)

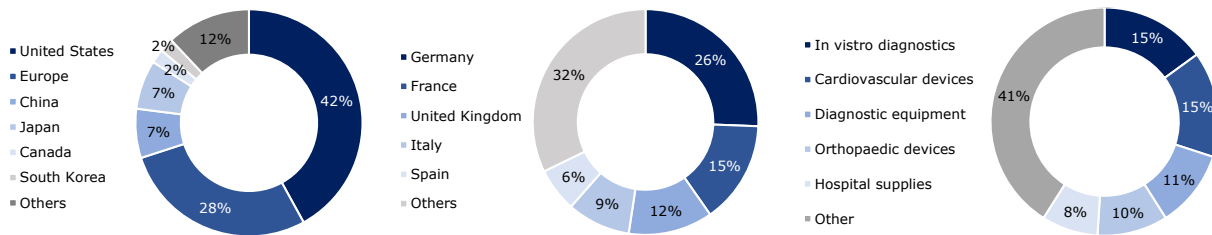


Source: Banca Profilo elaboration on Medical Devices Market 2020 Industry Report, Fortune Business Insights, September 2021

United States and Europe represent the main medical devices market

The biggest medical devices markets are considered the United States, with a market share of 42%, followed by Europe that represents the 28% of the industry. As regards European market, the most important is the German with the 26% of medical devices, followed by France (15%), United Kingdom (12%) and Italy (9%). As regard the main final market the medical devices are dedicated for the 15% to in vitro diagnostics and cardiovascular devices.

Figure 2: global medical devices market

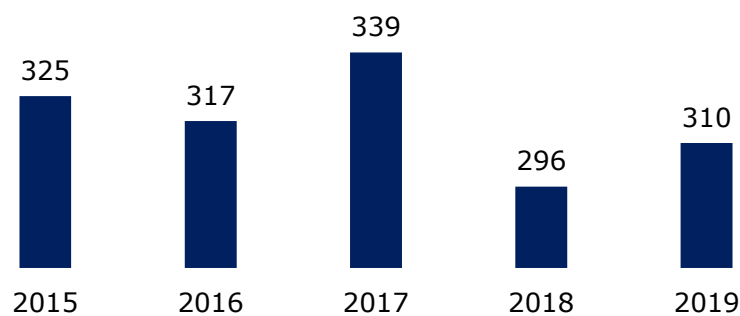


Source: Banca Profilo elaboration on Medical Devices Market 2020 Industry Report, Fortune Business Insights, September 2021; The European Medical Technology Industry in Figures 2021, MedTech Europe, June 2021; M&A Perspectives on medical devices, Imap Insights, November 2020

The medical devices: a fragmented market

The medical devices industry seeks to be largely fragmented in nature because of the presence of large number of market players at both regional and global level. These market players largely focus on product development and enhancement, merger & acquisition, partnership, collaboration, and joint venture with other technology providers to upgrade their existing product line or develop an advanced medical device to cater the increasing need of the consumers. Furthermore, these industry participants also focus in contracting with large number of distributors present globally to expand their customer range along with their offerings.

Figure 3: Global M&A activity by year – Medical Devices sector (no. transactions)



Source: Banca Profilo elaboration on M&A Perspective on medical devices, Imap Insights, November 2020

M&A a key role in Medical Device market

In the Medical Device sector, growth by acquisitions is a critical component for companies' expansion. Over the world, more than 1,500 transactions have been registered since 2015. Cost of labour, manufacturing and regulation are increasing in the recent years; thus, economies of scale are crucial to reduce the impact of these costs. For large companies becomes easier to acquire smaller companies than develop a new business line internally.

The European market

The Medical Device: a fragmented market

The European Medical Devices market is projected to reach \$61.4bn by 2025 from an estimated \$48.9bn in 2020, at a CAGR of 4.7% during the forecast period. Factors such as the rising geriatric population, large and established medical technology industry, increasing number of surgical procedures, growing need for cost-containment in the healthcare industry, and the availability of funding for research and product innovation are driving the growth of this market. However, fiscal unsustainability due to wasteful spending might hamper the market growth to a certain extent.

Orthopedic device segment to have the largest share

The orthopedic devices segment accounted for the largest share of the European medical device market in 2019. The high adoption of simulation techniques in laparoscopy and technological innovations are responsible for the large percentage of this segment during the forecast period.

The growing incidence of orthopedic disorders such as arthritis, osteoporosis, soft-tissue injuries, and fractures among the elderly population is expected to drive the demand for orthopedic devices in Europe.

Hospitals and clinical care settings segment to grow at the highest CAGR

Based on end-user, the European medical devices market is segmented into hospitals and clinical care settings and home care settings. Hospitals and clinical care settings were the largest end users of medical devices in Europe in 2019. This can largely be attributed to the financial capabilities of hospitals to purchase expensive devices as well as the availability of trained professionals in hospitals to operate these devices.

The Italian market

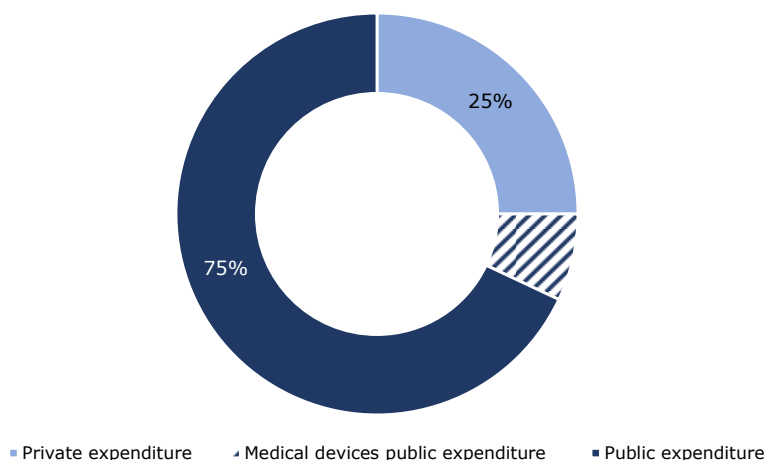
The Italian medical devices worth €16.7bn

The Italian medical devices market worth €16.7bn. The number of Company active in the industry are 4,323 and counts 94,153 employees. It is considered an heterogeneous market composed by both big and small players.

Public health expenditure on medical devices stood at 7%

In Italy, public health expenditure on medical devices and services weighs the 7% with €7.79bn. Public expenditure per capita on medical devices is about €102, below the average of the main European countries. In regions with a higher private healthcare the per capita expenditure on medical devices is very low, while in regions where public health works well, expenditure is higher.

Figure 4: Italian healthcare expenditure

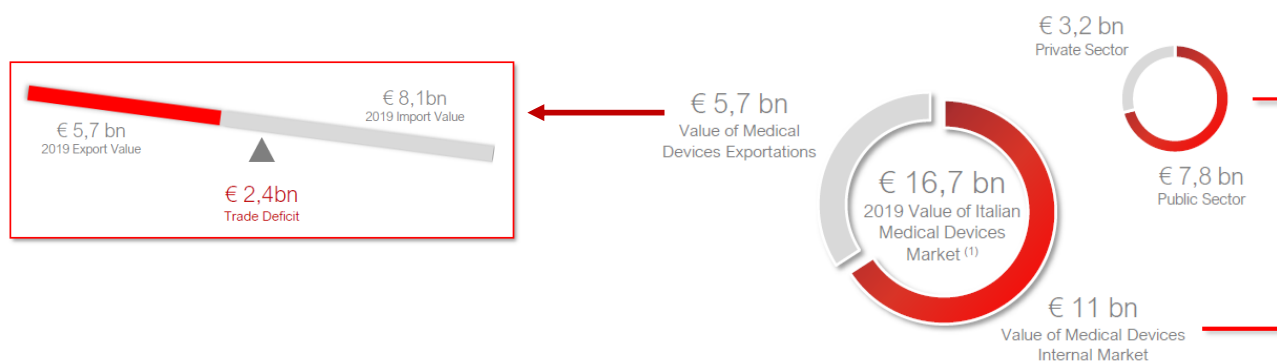


Source: Banca Profilo elaboration on Centro studi Confindustria Dispositivi Medici

Trade deficit at €2.4bn

Italy records a trade deficit in the medical devices sector, meaning the level of imports of devices is at a higher level than that of exports. Italy imported medical devices in 2019 for a value of €8.1bn, against an export value of €5.7bn. In 2019, however, there was an export growth of 7.9% yoy, higher than that recorded by the growth of imports (+5.5% yoy). The main export markets for Italian medical devices are the United States, France and Germany. The main import markets are the Netherlands, Germany and China.

Figure 5: Italian medical devices market



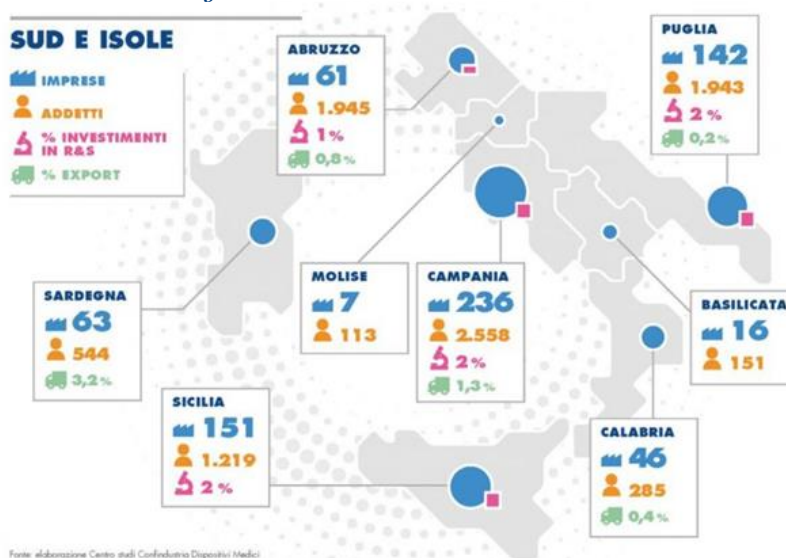
Source: Banca Profilo elaboration on Centro studi Confindustria Dispositivi Medici

Campania is the main representative south region

The North of Italy is the main representative area with Lombardia that counted 1,276 companies.

South and Islands area is characterized by a smaller presence of Companies, except for Campania, Puglia and Sicily, where there is a fair presence of companies in the sector.

Figure 6: Italian medical devices market



Source: Banca Profilo elaboration on Centro studi Confindustria Dispositivi Medici

Main market drivers

Accelerating R&D expenses will boost the demand for medical devices

R&D increasing investments by leading market players for developing technologically advanced equipment will contribute to boost the demand for innovative devices. For instance, Johnson & Johnson Services invested an estimated \$12.15bn in R&D in 2020. Another leading medical device manufacturer, Medtronic, reported an investment of \$2.33bn in R&D in 2020. Moreover, a favourable scenario including accelerating approvals by regulatory authorities for innovative devices will boost the demand. For instance, according to the U.S FDA database, around 59 devices were approved by the FDA during the 2019-2020 period.

Sudden emergence of severe infections

The spontaneous emergence of severe infections such as the on-going Coronavirus pandemic is also expected to drive the global demand for medical devices. The demand for hospital supplies, in-vitro diagnostic devices and respiratory care devices has significantly increased since COVID-19 outbreak across various countries. This demand is expected to continue for combating the pandemic and to furthermore avoid the risk of emergence and spread of such infections. For

instance, in 2021, the sales of the COVID-19 tests kits valued \$2.2 billion in the first 3 months in 2021.

Expansion of medical technologies

In the wake of the coronavirus pandemic, medical technologies such as wearables are becoming commonplace. The need to diagnose, treat and monitor patients without human contact has risen, to contain the spread of Covid-19, resulting in increased applications of medical technologies which will enable medical professionals to remotely treat their patients. These technologies include the application of artificial intelligence (AI) in the care of people, wearable medical equipment, remote patient monitoring devices and electronic health records (EHR). These medical technological solutions allow for contactless monitoring of patients, either in their homes or in hospitals, which is essential in containing COVID-19. For example, by maintaining the EHRs of a patient, doctors and patients can avoid to handle traditional paperwork which is passed through many individuals involved in the treatment and can easily view the data on their own devices.

Rising of chronic diseases

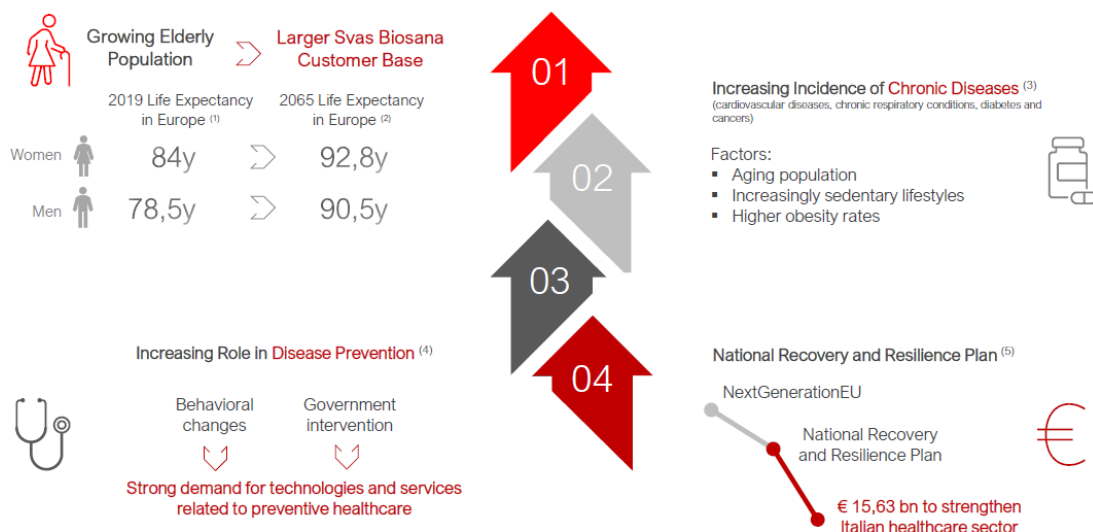
There is a growing prevalence of chronic disorders, including diabetes, cancer, and other infectious diseases, owing to the adoption of sedentary lifestyles and other factors. This has led to a significant rise in the economic burden of treatment of these diseases on the healthcare systems of various countries.

For instance, according to the International Diabetes Federation (IDF), an estimated 463mln people in 2019 suffered from diabetes, or 9.3% of the global population. This figure is projected to reach 10.2% by 2030.

Increasing of elderly population

The rapid rise in the geriatric population is supplementing ophthalmic and orthopaedic devices' growth due to the increasing incidence of impaired vision and hip fractures in the elderly population. For instance, according to various databases, an estimated 303 million people worldwide were suffering from knee osteoarthritis.

Figure 7: Main market drivers



Source: Banca Profilo elaborations

Medical devices market restraints

High cost of medical devices to limit market growth

Technological and design innovation have increased the cost of medical devices acquisition and maintenance, in the past decade. Some of the advanced devices are associated with other components such as chips, batteries, sensors, and various accessories which require periodic replacement.

For instance, in the U.S, the average cost of an insulin pump ranges from \$4,500 to \$6,500; along with this, the total per year cost of this device's accessories, which include batteries, syringes, etc., is around \$1,500.

This leads to a comparatively higher cost of ownership to the patient. Additionally, reimbursement for medical devices has also been a restricting factor in the adoption of these devices, especially in emerging countries.

Challenges due to regulatory changes

Regulatory changes are likely to lead to increased costs relating to new product developments and services to patients. These changes are related to consumer data protection such as the European Union's General Data Protection Regulation (GDPR), and changes to equipment approval procedures. The US Food and Drug Administration (FDA) has requested additional clinical data to support the claims of safety and efficacy of medical devices like endoscopy devices, increasing the time to process the premarket approval by over 55%, over the last decade. The potential loss of revenues due to delays in product releases, and additional costs incurred due to stringent approval processes puts a strain on investments for product development, slowing medical devices and equipment market growth.

Medical Disposable market

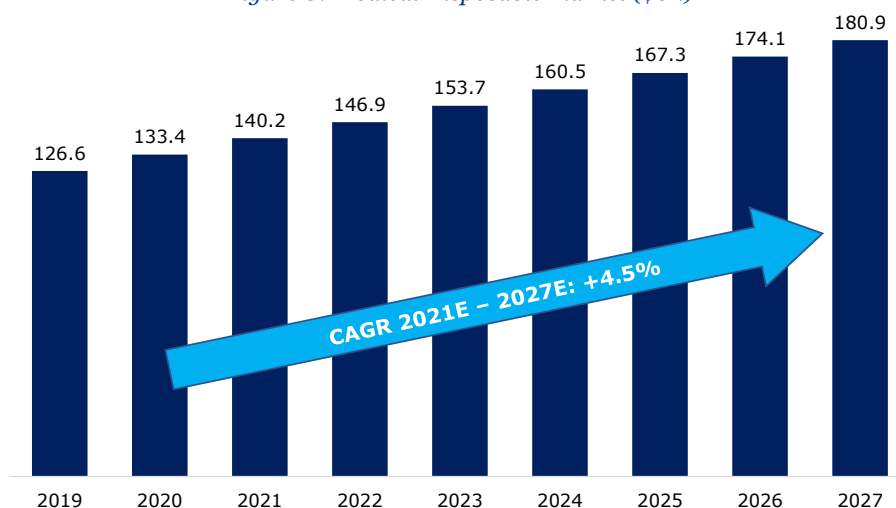
Medical Disposable expected to worth \$180.9bn in 2027

Medical Disposables are considered the medical apparatus intended for one-time or temporary use. The primary reason for creating disposable devices is infection control.

The global medical disposables market size was valued \$126.6bn in 2019 and is expected to reach \$180.9bn in 2027, expanding at a 4.5% CAGR.

Americas and Western Europe are the largest market for consumables with 36.7% and 33% share respectively.

Figure 8: Medical Disposable market (\$bn)



Source: Banca Profilo elaboration on Medical Supplies Market By Type, By Application (Urology, Wound Care, Radiology, Respiratory, Infection Control, Cardiology, IVD, Other Applications), By End User (Hospitals, Clinics, Others), and By Region, Forecasts to 2027. Emergen Research

Main growth drivers

Main growth drivers are:

- investment in technologically advanced platforms to improve safety and efficacy, and sustain the intense competition;
- the WHO has appealed to industries and governments to increase the manufacturing of personal protective equipment by 40% to meet the increasing global demand;
- increasing prevalence of chronic diseases such as diabetes and cardiovascular diseases;
- raising geriatric population across the globe is also anticipated to propel the growth of the market for medical disposables;
- growth of the demand of disinfectants with an expected 5.1% CAGR19-27 driven by an increase in the number of hospital-acquired infections (HAIs) and also the growth in contagious virus-related diseases.

A very fragmented market

The market for Medical Supplies is fragmented, with many small as well as medium-sized manufacturers, which account for a major global share of the market. The manufacturers involved in the market are desegregated across the value chain. Key players are well-equipped with large manufacturing facilities and are typically engaged in various R&D activities.

Figure 9: Medical Disposable key players by market category



Source: Banca Profilo elaboration on BMI Research – Worldwide Medical Devices Forecasts, December 2017

Svas Biosana: history, structure and people

History

Since the 90s a successful M&A track record

Svas Biosana Group is an Italian leading player in the medical devices and consumables, acting as both a manufacturer and distributor.

The Group was founded in Southern Italy in 1972 by Francesco Fausto Perillo with the aim to provide medical devices in the area. Since then, Svas Biosana has started its growth path.

In 1985 Svas Biosana acquired Galenica Senese and started the production of injectable solutions.

In 1989 SVAS Biosana carried out its first industrial project: starting the production of incontinence aids.

During the 90s', Svas Biosana started the production of its Custom Packs, that soon became one of its main products. During these years, the Company acquired Vincenzo Sorrentino & Figli business unit (Salerno), active in cotton derivatives, used in health care and cosmetics.

Figure 10: Svas Biosana's timeline



Source: Banca Profilo elaborations on Company data

Since the 90s a successful M&A track record

In 2004, Svas Biosana acquired Fabbrica Italiana di Medicazione (FIM).

In 2012 SVAS Biosana was among the first 30 companies to participate in the Elite Project of the Italian Stock Exchange. In the same period, the Atlante Private Equity Fund acquired a minority stake of Svas Biosana share capital.

In 2015, Svas acquired Mark Medical, a leading operator in the distribution of medical devices and drugs in the Balkan area (Slovenia, Croatia, Serbia, Bosnia & Herzegovina).

In 2017, Svas Biosana was among the 10 issuers of the first «Elite Basket Bond»

In 2019, Svas Biosana repurchased the shares previously held by the Atlante private equity fund, through a buyback programme. Moreover, in the same year, Svas Biosana was among the 10 issuers of the first «Elite Basket Bond Export».

In 2020, the Group executed a Spin Off of its pharmaceutical branch, Farmaceutica Galenica Senese

Structure

Svas Biosana: more than 68.9% owned by the Perillo family

Svas Biosana was listed on the Euronext Growth segment on 9th December at €12.5/share. The share capital is represented by 5,600,000 shares with a floating of 28.57%.

Perillos's Family owns the 68.9% of Svas Biosana.

Figure 11: Shareholding structure

Cofe shareholding structure	N° Ordinary shares	Shareholding structure
Umberto Perillo	2,452,483	43.8%
Daniela Antonia Perillo	355,582	6.3%
Svas Biosana	140,000	2.5%
Belforte srl	305,581	5.5%
Cofi Italia srl	458,372	8.2%
Agrinvesti srl	287,982	5.1%
Free float (excluding anchor investors)	1,600,000	28.6%
Total	5,600,000	100.0%

Source: Banca Profilo elaborations on Company data

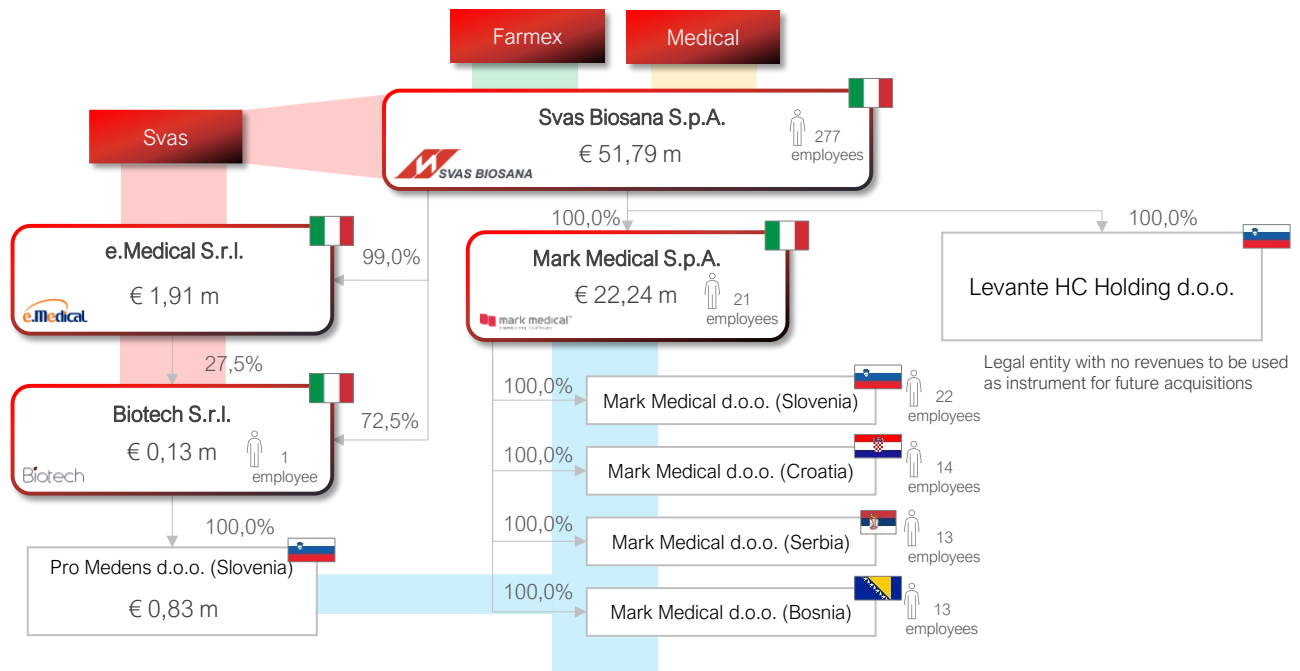
The Group includes: Svas Biosana, Mark Medical, e.Medical and Biotech

Perillo's family owns 96.5% of Svas Biosana, being the remaining own shares.

The Group includes:

- Svas Biosana: production and distribution of incontinence aids, cotton wool and personal care products, procedural packs (so called custom packs), dressings, surgical instruments, as well as numerous other medical devices. It comprises three business lines i) Svas; ii) Farmex and iii) Medical. In 2020, Svas Biosana reported €51.79mIn sales.
- Mark Medical Group, which was acquired by Svas Biosana in December 2015, distributes medical items and medical health devices supplied by top world producers exclusively in the Balkan Area (Croatia, Serbia and Bosnia Herzegovina). Mark Medical is present in each of these countries in a widespread manner with subsidiaries dedicated to distribution and local assistance. In 2020, Mark Medical Group reported €22.2mIn sales.
- e.Medical: promotion and sale of medical devices and medical equipment with a turnover of €1.9mIn in 2020;
- Biotech, which manages Group's advanced e-commerce platforms. Biotech mainly sales absorbent mats for animals online.

Figure 12: Group structure



Source: Banca Profilo elaborations on Company data

Svas Biosana: Italian and East Europe presence

The Group Headquarter is in Somma Vesuviana (Naples), whereas the R&D facility is in Ottaviano (Naples).

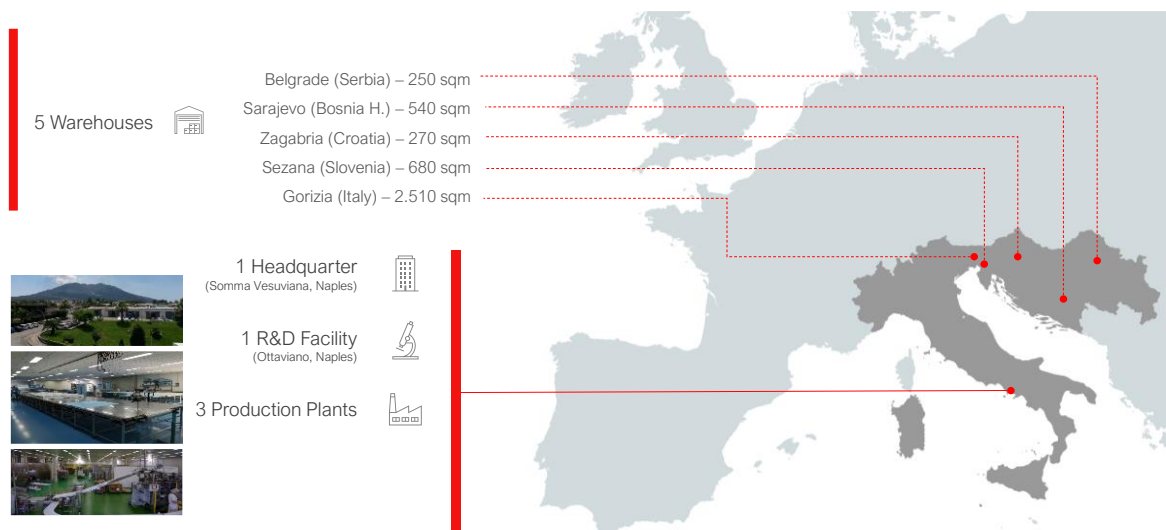
Svas Biosana can count on three production plants:

- Somma Vesuviana (Naples) plants – 12.200 sqm:
 - Plant 1 (Via Trentola 7): under construction
 - Plant 2 (Via Colle 104)
- Ottaviano (Naples) plant – 8.100 sqm.

Moreover, the Group includes five warehouses located in East Europe, to support Mark Medical activity:

- Belgrade (Serbia) – 250 sqm;
- Sarajevo (Bosnia H.) – 540 sqm;
- Zagabria (Croatia) – 270 sqm;
- Sezana (Slovenia) – 680 sqm;
- Gorizia (Italy) – 2.510 sqm.

Figure 13: Group's plants and facilities

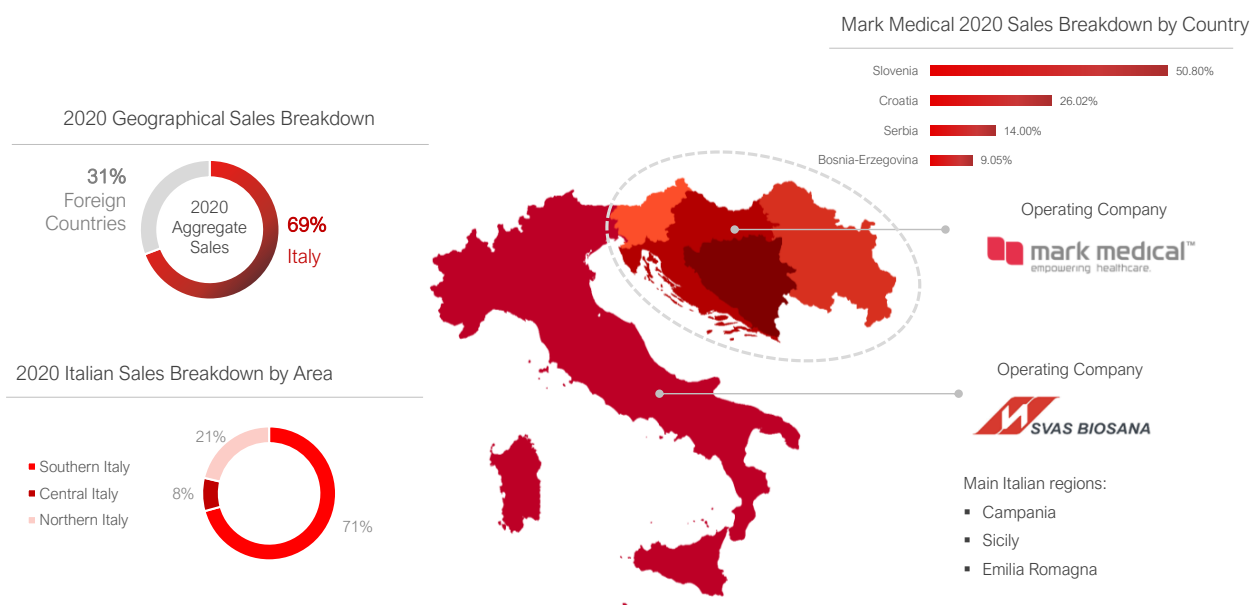


Source: Banca Profilo elaborations on Company data

Svas Biosana: a European presence

Svas Biosana has a strong presence in Italy, especially in the South, which represents 71% of its Italian revenues, and in the East Europe through its subsidiary Mark Medical with 50% of its revenues coming from Slovenia.

Figure 14: Svas Biosana geographical presence



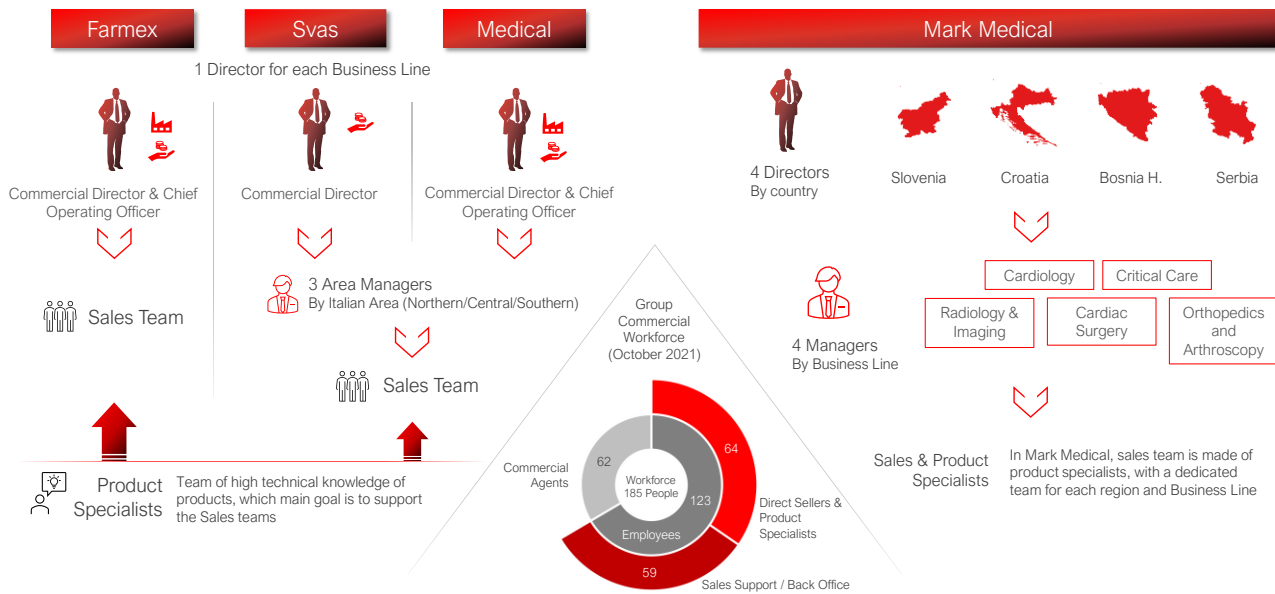
Source: Banca Profilo elaborations on Company data

People

Svas Biosana: more than 360 employees around Europe

At the end of 2020, Svas Biosana employed 361 people and in October 2021 the Group commercial workforce comprised 185 people. As regards Svas Biosana the Company has 1 Director per Business Line, whereas Mark Medical has 4 Director per Country. In Svas Biosana the product specialist are teams with high technical knowledge of products, which main goal is to support the Sales teams. Whereas in Mark Medical, the sales team is made of product specialists, with a dedicated team for each region and Business Line.

Figure 15: Svas Biosana team structure



Source: Banca Profilo elaborations on Company data

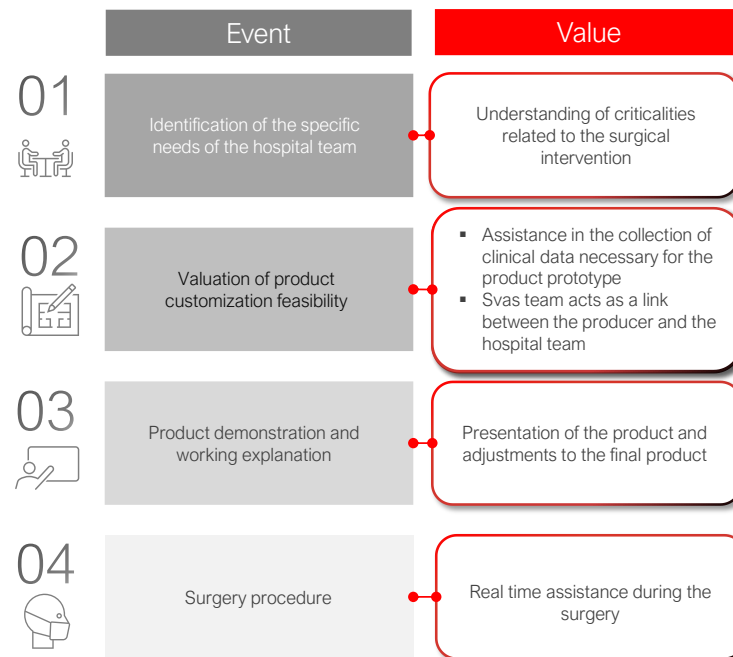
High technical knowledge of medical devices

Qualified commercial structure and close relationship with medical operators generate additional value while creating high entry barriers. Svas commercial team includes professionals with a longstanding experience in the surgery practices and a deep knowledge of the industry

Direct presence inside the hospital structures

Svas personnel is constantly in touch with the hospital team and participates to surgery interventions to give a real time support to the customers. Hospital presence becomes a strong barrier to entry for new entrants and competitors. Moreover, the direct contact with hospital team allows to anticipate market needs and trends.

Figure 16: Svas Biosana commercial structure



Source: Banca Profilo elaborations on Company data

Svas Biosana: business model

4 business units

Farmex: incontinence aids

Svas: consumables

Medical: medical packs

Mark Medical: advanced medical devices

Svas Biosana business includes four business units:

- Farmex (Svas Biosana): production and sale of incontinence aids, traditional dressing, cotton wool and products for personal care and well-being (34% of 2020 revenues);
- Svas (Svas Biosana): distribution of consumables addressed to a vast range of medical and surgical situations (23% of 2020 revenues);
- Medical (Svas Biosana): production and sale of procedural packs, medical devices for surgical infusion and suction, medical drapes, advanced dressings and lubricating gels for urology (13% of 2020 revenues);
- Mark Medical: export of advanced medical devices in foreign countries (Slovenia, Croatia, Serbia, Bosnia and Herzegovina) (30% of 2020 revenues).

Figure 17: Svas Biosana's business snapshot



Source: Banca Profilo elaborations on Company data

Since the 90s' Svas Biosana started its growth path

As regards to the internal production, the Group use the three production plants located in the South of Italy. The production capacity is still not saturated, they use around the 70% their plants.

Figure 18: Svas Biosana production plant

<div>Main Raw Materials</div> <div></div>	<div><div><div><div>Cellulose</div></div><div><div>Polyethylene</div></div><div><div>ADL layers</div></div><div><div>TNT hydrophilic</div></div></div><div></div></div>	<div><div><div><div>Raw Cotton in Bales</div></div><div><div>Cotton Ropes</div></div><div><div>Cotton Sticks</div></div></div><div></div></div>	<div><div><div><div>Syringes</div></div><div><div>Surgical Gowns</div></div><div><div>Trays</div></div><div><div>Surgical Equipment</div></div></div><div></div></div>
<div>Productive Plants</div> <div></div>	<div><div><div><div>Farmex</div><div>Somma Vesuviana</div><div>Incontinence Products</div></div></div></div>	<div><div><div><div>Farmex</div><div>Somma Vesuviana</div><div>Cotton Products</div></div></div></div>	<div><div><div><div>Medical</div><div>Ottaviano</div><div>Custom Packs</div></div></div></div>
<div>Production Line</div> <div></div>	<div><div><div>Lines</div><div>Utilization</div></div><div><div>Line 1 – Pants Diapers</div><div>70%</div></div><div><div>Line 2 – Pants Diapers</div><div>60%</div></div><div><div>Line 3 – Crosspieces</div><div>80%</div></div><div><div>Line 4 – Rectangular/Shaped</div><div>40%</div></div></div>	<div><div><div>Lines</div><div>Utilization</div></div><div><div>Line 1 – Cotton</div><div>70%</div></div><div><div>Line 2 – Pants Make-Up</div><div>60%</div></div></div>	<div><div><div>Lines</div><div>Utilization</div></div><div><div>Line 1 – Custom Packs</div><div>60%</div></div><div><div>Line 2 – Drapery</div><div>40%</div></div><div><div>Line 3 – Impregnated Dressings</div><div>30%</div></div></div>
<div>Production and Packaging</div> <div></div>	<div><div><div><div><div>▪ The mill turns the cellulose pulp into cellulose fluff</div><div>▪ Mixing according to SVAS's recipe</div><div>▪ Deposit on polyethylene</div><div>▪ Coupling among cellulose fluff, polyethylene, TNT, ADL, rubber bands and polymers</div><div>▪ Stickers are applied</div><div>▪ Folding and cutting</div><div>▪ Quality check</div><div>▪ Packaging</div></div></div></div></div>	<div><div><div><div><div>Line 1</div><div><div>▪ Cotton bales opening</div><div>▪ Unstringing the cotton through vacuum systems</div><div>▪ Cotton conversion into carded cotton</div><div>▪ Overlapping of several layers (sheet)</div><div>▪ Folding</div><div>▪ Quality check</div><div>▪ Packaging</div></div></div><div><div>Line 2</div><div><div>▪ Cotton layers inserted into punch cutter</div><div>▪ Quality check</div><div>▪ Packaging</div></div></div></div></div></div>	<div><div><div><div><div>Line 1</div><div><div>▪ Components assembling according to the definition of the Pack</div><div>▪ Primary and secondary packaging of assembled Pack</div><div>▪ Sterilization</div><div>▪ Quality check</div><div>▪ Packaging</div></div></div><div><div>Line 2</div><div><div>▪ Procurement of nonwoven fabric in coils</div><div>▪ Automatic drafting and cutting following the CAD project</div><div>▪ Manual customization</div><div>▪ Folding</div><div>▪ Sterilization</div><div>▪ Quality Check</div><div>▪ Packaging</div></div></div><div><div>Line 3</div><div><div>▪ Production of cream in bulk</div><div>▪ Production of an impregnated gauze roll</div><div>▪ Cutting</div><div>▪ Sterilization</div><div>▪ Quality check</div><div>▪ Packaging</div></div></div></div></div></div>

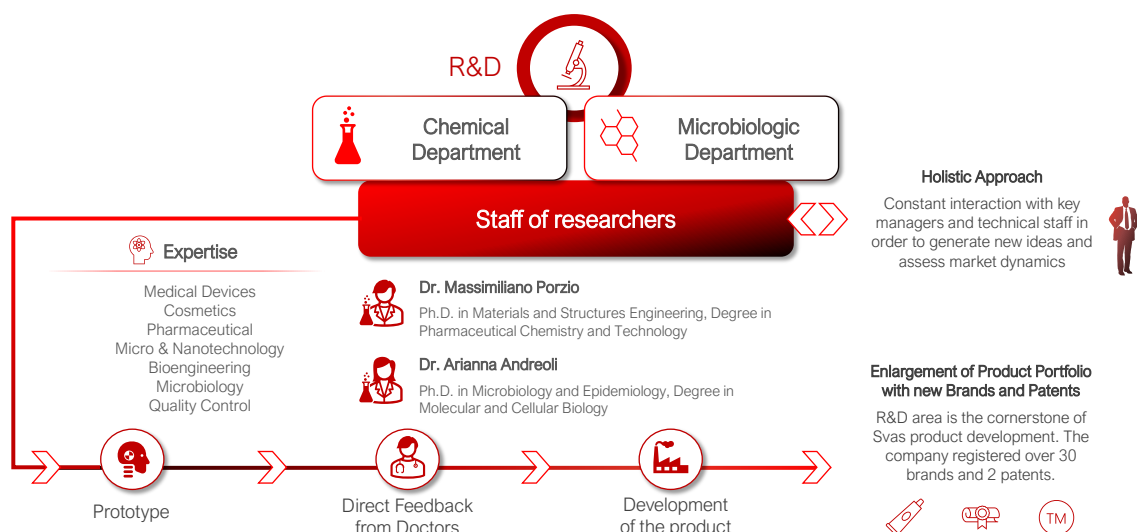
Source: Banca Profilo elaborations on Company data

Svas value chain

Strong focus on Research & Development

Svas Biosana value chain starts from R&D and ends with after sales. R&D plays an important key role. This activity is divided in two main departments: i) Chemical and ii) Microbiologic. Svas Biosana has a holistic approach due to its incessant interaction with key managers and technical staff in order to generate new ideas and assess market dynamics. R&D area is the cornerstone of Svas product development. The Company registered over 30 brands and 2 patents.

Figure 19: Svas Biosana's R&D activity



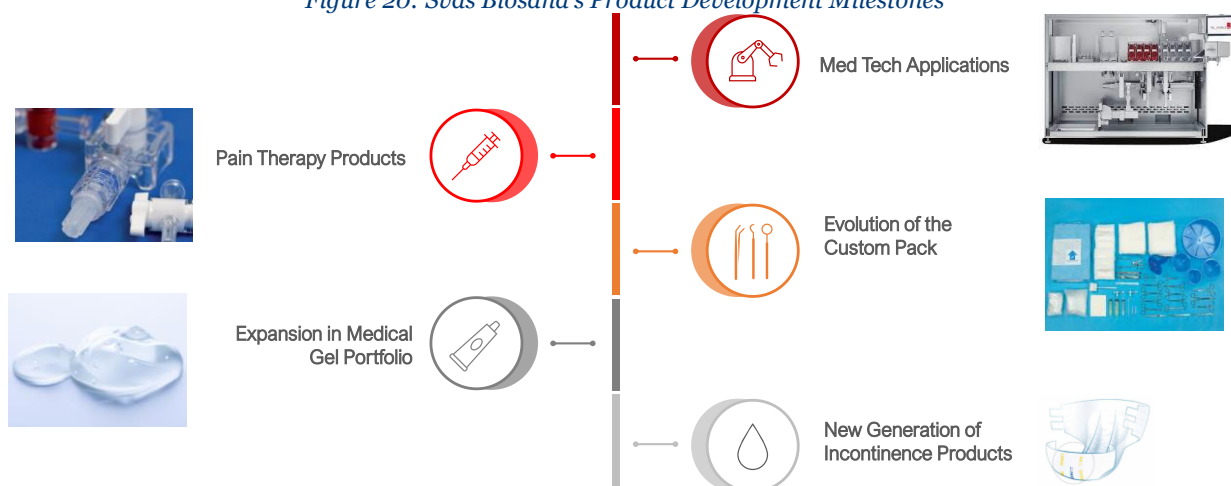
Source: Banca Profilo elaborations on Company data

Product milestones

The Company shows some product development milestones in the following:

- Med Tech Applications with the introduction of robotic equipment dedicated to drug transfusion;
- Pain Therapy Products with needles and infusion systems to significantly reduce perceived pain for the patient;
- Custom Pack with planned evolution to a more specialized and customized product;
- Medical Gel Portfolio with the development of a new segment of medical gels;
- Incontinence with product evolution towards more transpiration and lightness.

Figure 20: Svas Biosana's Product Development Milestones



Source: Banca Profilo elaborations on Company data

Internal production value chain

Production involves Farmex and Medical business units.

Its value chain is as following:

- R&D, which takes place in Ottaviano with the aim to improve products and processes;
- Procurement with suppliers diversification by raw material and product;
- Production in the production plants and it is carried out through automated lines. At the end of the production process a quality is carried out. Some production phases (such as product sterilization) are outsourced;

- Distribution, which is managed internally by the commercial department structure composed of both employees and commercial agents. The commercial structure covers Italy;

Distribution value chain Distribution involves Svas and Mark Medical business units.

Its value chain is as following:

- R&D, which defines the technical part of the products;
- Procurement with the selection of suppliers;
- Distribution, internally managed by the commercial department (both employees and agents). The commercial structure covers Italy, Slovenia, Croatia, Serbia, Bosnia and Herzegovina.

After sales

After sales activity plays an important role for all business units. The Group guarantees direct after-sales assistance to its customers. The customer support is also enriched through training activities, seminars and events aimed at updating and sensitizing customers on new products or services.

Main after sales activities are:

- Assistance in the operating room in the use of products;
- Provision of product training courses;
- Preparation of customized technical solutions;
- Problem Solving in the field;
- Maintenance of installed equipment.

Figure 21: Svas Biosana's supply chain



Source: Banca Profilo elaborations on Company data

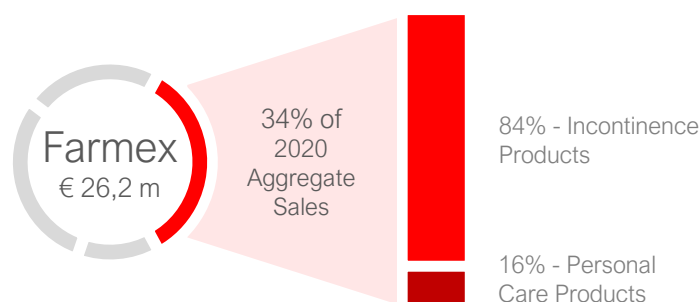
Farmex

Farmex: 34% of FY20 group revenues

Farmex is dedicated to the production and sale of incontinence aids, traditional dressing, cotton wool and products for personal care and well-being. In 2020 it generated 34% of Group revenues at €26.2mIn, with an EBITDA margin at 11.2%.

Sales breakdown shows an 84% coming from incontinence products and the rest from Personal Care products.

Figure 22: Svas Biosana's Farmex revenues breakdown



Source: Banca Profilo elaborations on Company data

Incontinence products:
from adult diapers to animals' absorbent mats

The Incontinence line includes adult diapers (panty or shaped), rectangular diapers, reusable mesh panties and absorbent crossbars.

The line includes AIR DERMO products, a result of constant research and development aimed at meeting the new needs of patients suffering from incontinence problems. The new breathable outer coating represents an innovative solution which, in addition to ensuring air circulation, thus preventing the onset of skin complications, also guarantees a more comfortable fit thanks to its softness. In addition, a special emollient lotion is applied to the layer in contact with the skin, which has soothing effects on the most sensitive skin.

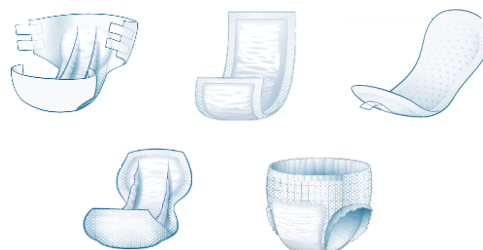
In addition to products for elderly population, the Group is also involved in the production of absorbent mats dedicated to animals. Their purpose is to protect and keep clean the areas in which animals usually stay.

Figure 23: Incontinence products



Incontinence Aids

- Adult Diapers;
- Shaped Adult Diapers;
- Rectangular Pads;
- Light Incontinence (Lady/Man);
- Stretch Briefs;
- Absorbent mats for animals.



Source: Banca Profilo elaborations on Company data

Personal Care: from gauzes to cosmetic and hygiene products

The Personal Care products are mainly related to:

- traditional dressings, including gauzes used for different types of dressings made of 100% pure cotton wool of first quality and regular weaving. Each fiber has a flattened tubular shape, thick and rounded walls and consists exclusively of typical cotton fibers about 4 cm long. Gauze dressings include, inter alia, hydrophilic gauze rolls, folded hydrophilic gauze compresses (with and without barium thread), hydrophilic gauze bandages (hemmed and unhemmed), round hydrophilic gauze pad with elastic (with and without barium thread) and eye tablets;
- Cotton Wool, Cosmetic and Hygiene Products. Cotton is used as a barrier for the compression and absorption of exudates, for the cleansing of external wounds and for injection therapy. The range also includes products intended for personal hygiene, care and well-being, such as wads, face cleansing pads and cotton sticks. The Group offers a wide range of plasters and bandages including, inter alia, transparent hypoallergenic micro-perforated plasters, plasters on white canvas or silk, adhesive extensible plasters, elastic

bandages, synthetic bandages in white polyester for immobilization, elastic bandages with zinc oxide paste, elastic bandages with permanent strong compression, pinstripe sheets, four-layer pinstripe splints, splints for finger immobilization.

Figure 24: Personal care products



Traditional Dressings

- Gauze Swabs;
- Sterile Swabs;
- Lap Sponges;
- Surgical Gauze Balls;
- Gauze Bandages;
- Gauze Rolls.



Cotton Wool

- Zig Zag Shaped;
- Rolled;
- Precut.



Cosmetic Products

- Diskettes;
- Balls;
- Pads;
- Cotton Buds;



Hygiene Products

- Bib with pouch;
- Dry paper placemats;
- Soaked wipes.

Source: Banca Profilo elaborations on Company data

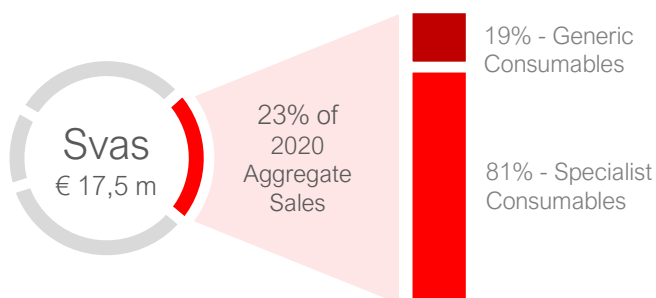
Svas

Svas represents 23% of Group sales

Svas is dedicated to the distribution of consumable products, to be applied in a vast range of medical and surgical situations. In 2020 this unit reported €17.5mln of sales (23% of Group sales), with an EBITDA margin at 13.2%.

Sales breakdown shows an 81% coming from Specialist Consumables and the remaining to Generic Consumables.

Figure 25: Svas revenues breakdown



Source: Banca Profilo elaborations on Company data

Specialist Consumables: a wide range of products from diabetic care devices to advanced medications

Specialist Consumables include:

- Specialist devices such as non-stick gel and film, radiofrequency system with dedicated electrodes for the treatment of disc and sacral pathologies, hernia nets, biopsy needles, venous strippers, elastomeric pumps, needles and systems for analgesic therapy, systems for respiratory assistance and high flow oxygen therapy, pulse oximetry systems and drainage and fluid collection systems;
- Advanced Medications, comprising amorphous gel in tubes, impregnated dressings (with amorphous gel or amorphous gel with adhesive), polyurethane foam dressings and hydrocolloids of various types;
- Devices for Anaesthesia with a wide range of products such as pulse oximetry sensors, huber needles, implantable ports, humidifiers and related

- accessories, humidification chambers, breathing circuits for ventilation, circuits and accessories for oxygen therapy, humidifiers with integrated flow generator, oral hygiene swabs, wet shampoo cap;
- Peritoneal Dialysis Products, which allow blood purification within patient's body, avoiding extracorporeal circulation. The peritoneal dialysis procedure requires a connection system with the outside, which must be implanted in the body in a preliminary manner with respect to dialysis exchanges. A small "catheter" is used which, once inserted into the abdomen, allows the introduction of the dialysis solution before treatment and the consequent withdrawal of the same at the end of the operation. Svas products allow this kind of procedure to be performed by the patient autonomously at his own home. This category includes the following solutions available in single bag and twig bag: solution for DP with lactate buffer and low calcium, solution for DP with lactate buffer, solution for DP with lactate and potassium buffer, solution for DP with bicarbonate / lactate buffer and pH physiological, Icodextrin 7.5% and Amino Acids 1.1%. This product category also includes trolleys, software and accessories for teledialysis & video communication, skin emergency kit, bag change kit, basic set change kit and daily bag change kit;
 - Laparoscopic Instruments used in this kind of surgical operation performed in the abdominal area with the execution of small incisions without opening the abdominal wall. Laparoscopic instruments incorporate a camera in order to clearly follow the operation. The Group offers trocars (devices to be placed through the abdomen that allow the entry of other instruments or the escape of gases / fluids from the organs) and surgical sutures;
 - Drug transfer devices such as chemotherapy drugs, antiviral drugs, bioengineered drugs, and some hormones which can be a source of risk to healthcare professionals. Transfer devices equipped with filters, gowns, gloves, masks and laminar flow hoods have the function of reducing this risk. For this product category, the Group offers the system EQUALSHIELD, which guarantees safe transfer thanks to the pressure equalization that effectively prevents the release of drugs, vapors and aerosols. This system, managed by the Group by a distributive concession, is able to protect healthcare workers from dangerous exposures and to preserve the sterility of the drug, thus preventing the introduction and proliferation of microorganisms inside. Drug;
 - Hemostatic Devices of different types, such as:
 - CURACEL: is a sterile absorbable hemostat in regenerated and oxidized cellulose;
 - CURACEL High Density: it is a sterile absorbable hemostatic in regenerated and oxidized high density cellulose for endoscopic procedures;
 - CURACEL Fibrillary: it is a sterile absorbable hemostat in regenerated and oxidized cellulose, a fibrillar structure of seven individually usable layers, for surgical procedures where greater ductility and flexibility are required;
 - CURASPON: is a resorbable local hemostatic consisting of purified gelatin with uniform porosity and high absorption capacity and is available in plates, sheets, cylinders, cubes and powder.
 - Diabetes Care, which includes a range of glucometers and test strips for measuring blood glucose, lancets and finger prickers, as well as a complete range of needles compatible with all insulin pens on the market

Figure 26: Special consumables products



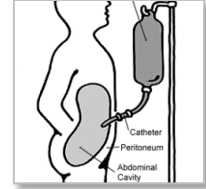
Specialist Devices



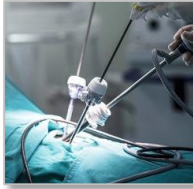
Advanced Medications



Devices for Anesthesia



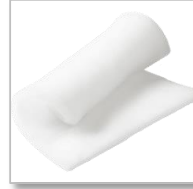
Peritoneal Dialysis Products



Laparoscopic Instruments



Drug Transfer Devices



Hemostatic Devices



Diabetes Care

Source: Banca Profilo elaborations on Company data

Generic Consumables:
Personal protective equipment;
Infusion line;
Surgical Instrument & Containers;
Equipment & Furnishing

Generic Consumables include:

- Personal protective equipment, which are devices intended to be worn and kept by a worker in order to protect himself against potential risks (chemical and / or biological) that could threaten his safety or health. The range of personal protective equipment includes, inter alia, filtering facepiece, footwear, anti-fog goggles, overalls, anti-fog visor, nitrile gloves without powder, cyto micro-rough nitrile gloves, protective gowns against infectious agents, FFP2, FFP3 masks, filter masks for community use;
- Infusion Lines, which are used by nursing and medical personnel for either infusion or intravenous administration of drugs. Intravascular access devices include peripheral venous catheters (CVP), central venous catheters (CVC) and arterial catheters and are commonly used in the treatment of acute and chronic patients;
- Surgical Instruments & Containers, including a wide range of high-quality surgical instruments for gynecology, obstetrics, ophthalmology, maxillofacial surgery, orthopedics and traumatology, high frequency surgery, laparoscopy, neurosurgery, hand surgery, plastic surgery, cardiac surgery, as well as containers for the sterilization process;
- Equipment & Furnishing, which uses the Group's engineering skills in design and construction of hospitals, in the supply of electro-medical equipment and related maintenance and technical assistance. The purpose of this division is to offer adequate advice to the multiple needs of a constantly evolving market, providing an ever-wider range of technologically advanced services and products using qualified personnel. The following products are included in this category: diagnostic equipment for intravenous access, patient transfer systems, multi-parameter monitors and pulse oximeters, infusion pumps, electrocardiographs, defibrillators, surgical lamps, blood banks and freezers, autoclaves, electrosurgical units and surgical aspirators, cardiotocographs, detectors fetal and vascular systems, pressure holters, macerators and biological disposal systems, rehabilitation equipment, energy systems, mattresses and anti-decubitus pillows.

Figure 27: Generic consumables products



Personal Protective
Equipment



Infusion Lines



Surgical Instruments
& Containers



Equipment &
Furnishings

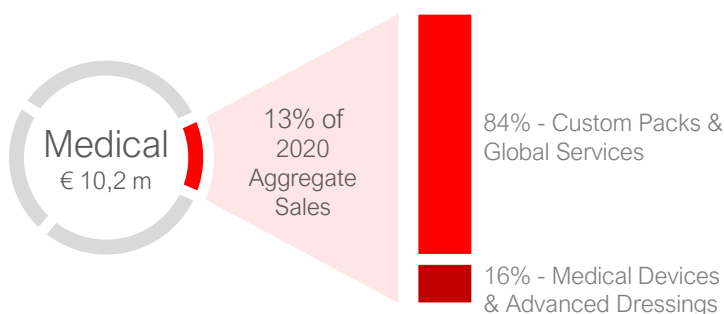
Source: Banca Profilo elaborations on Company data

Medical

*Medical represents
13% of 2020 Group
sales*

Medical is the business line dedicated to the production and sale of procedural packs, medical devices for surgical infusion and suction, medical drapes, advanced dressings and lubricating gels for urology. In 2020, Medical business line registered €10.1m of sales (13% of Group sales) with an EBITDA margin at 15.1%. Sales breakdown shows an 84% coming from Custom Packs & Global Services and the rest from Medical Devices & Advanced Dressings

Figure 28: Medical revenues breakdown



Source: Banca Profilo elaborations on Company data

*Custom Packs: an
integrated system of
medical products that
increase the efficiency
of surgery procedures*

The Custom Pack is an integrated system of medical appliances planned and carried out for use in specific surgery procedures. The Custom Pack can be used for the following applications: general surgery, cardiac surgery, hemodynamics and electrophysiology, orthopedics, urology, anesthesia and resuscitation, ophthalmology, dentistry, dialysis, gynecology, basic medication and first aid. The production and assembly phases of the Custom Pack are carried out in an ISO 7 clean room in accordance with the ISO 14644-1 standard, according to procedures and methods in compliance with European standards.

The advantages deriving from the use of the Custom Pack consist of: (i) reduction of the risk of contamination of the sterile field; (ii) ease of supply; (iii) traceability of the product used; (iv) efficiency of the operating field; and (v) simplified hospital warehouse management.

*Global Services related
to Custom Packs*

In relation to Custom Packs products, Svas Biosana provides management support service for surgical devices to the hospitals that are the main end user. Specifically, Svas Biosana supports the hospital in the procurement, inventory organization, logistical management of medical devices dedicated to the operating room, thus freeing it from the need to have internally a vertical organization on this type of instrumentation.

Figure 29: Custom pack products



Source: Banca Profilo elaborations on Company data

Medical Devices & Advanced Dressings

The segment related to Medical Devices & Advanced Dressings includes:

- Advanced Dressings:
 - "ATTIVA PLUS" is a natural solution that can be used for all types of skin. Thanks to its natural formulation, this product is indicated for alterations of the dermo-epidermal tissue that require an acceleration of the physiological process of tissue repair;
 - "ATTIVA GRAS" is a non-adherent sterile gauze consisting of hydrophilic oily gauze with paraffin. This non-adherent dressing is indicated for wounds of the dermal-epidermal tissue;
 - "Fylladerm" is available in two versions: (i) Fylladerm sterile non-adherent dressing is an evenly open weave cotton wool gauze impregnated with polyethylene glycol based ointment containing natural extracts which does not adhere to the skin lesion and ensures a easy removal in order not to damage the newly formed tissue; and (ii) Fylladerm healing cream based on natural extracts equipped with a precision applicator able to easily follow the lesion avoiding contact with it.
- Surgical Suction Systems, including various devices dedicated to the aspiration of liquids to be used during surgical operations, such as cannulas (with open tip, bulb tip, single or double angle and other types) and organic liquid collection systems (collection bags, rigid containers, powder thickeners for organic liquids and related accessories);
- Infusion and Drainage Devices, which can be used in infusion sets and infusers, in extensions and fittings, and in accessories for injectors. The lines of infusers and infusers feature standard and multi-connector sets, flow regulators, urology and arthroscopy sets and infusion stopcocks. The extensions are offered with male / female fittings, low and high pressure. Accessories include transfusion lines, fittings and extension lines. In addition to these products, there are also products dedicated to cardiothoracics, such as sets for thoracentesis / paracentesis, thoracic drainage systems and related accessories;
- Special Products such as:
 - "Farmagel" is a sterile, water-soluble, lubricating gel suitable for all medical-diagnostic applications for which it is necessary to reduce friction between contact surfaces, facilitating their sliding.
 - "Absorbent Pad "is an absorbent sheet used during operations in order to promote the absorption of liquids.
 - Drapes specific for each surgical activity and customizable according to the specific needs of healthcare professionals.

Figure 30: Medical Devices & Advanced Dressings



Advanced Dressings



Surgical Suction Systems



Infusion and Drainage Devices



Special Products

Source: Banca Profilo elaborations on Company data

Mark Medical

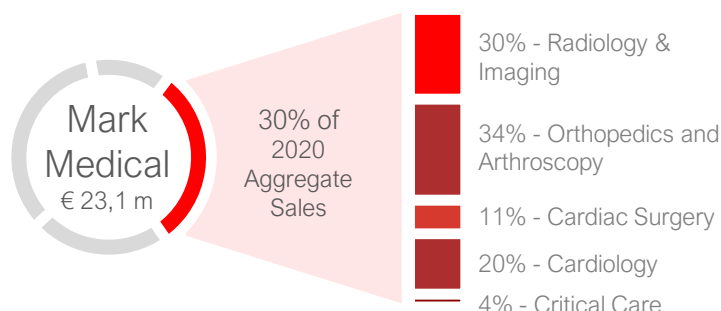
Mark Medical weighs 23% on Group sales

Mark Medical specializes in the sale of advanced medical devices in the territories of foreign subsidiaries (Slovenia, Croatia, Serbia and Bosnia and Herzegovina). In the FY20, Medical business line registered €23.1m of sales (30% of Group sales) with an EBITDA margin at 12.6%.

The distribution activity carried out by Mark Medical is divided into the following five divisions organized according to the type of product:

- Radiology & Imaging (30% of FY20 Mark Medical revenues);
- Orthopedics and Arthroscopy (34% of FY20 Mark Medical revenues);
- Cardiac Surgery (11% of FY20 Mark Medical revenues);
- Cardiology (20% of FY20 Mark Medical revenues);
- Critical Care (4% of FY20 Mark Medical revenues).

Figure 31: Mark Medical revenues breakdown



Source: Banca Profilo elaborations on Company data

Radiology & Imaging to facilitate the execution and interpretation of the examinations

A wide range of diagnostic imaging solutions, contrast media, advanced contrast agent injection systems and devices designed to facilitate the execution and interpretation of the examinations included in the field of radiology and imaging diagnostic: X-rays, including computed tomography (CT), magnetic resonance imaging (MRI), ultrasound.

Orthopedics and Arthroscopy: a wide range of devices used in the orthopedic surgery departments

In the field of orthopedics and arthroscopy, a wide range of devices used in the departments of orthopedic surgery, traumatology, sports and occupational medicine are offered. In fact, orthopedic implants of the knees, hip, elbow, shoulder, foot, ankle, spine, hand and wrists are offered, for both the orthopedic and traumatology sectors. The product portfolio is completed with medical devices used in arthroscopy and minimally invasive orthopedic surgery procedures as well as sports medicine devices.

Cardiac Surgery: valve therapy in patients suffering from heart failure and structural heart disease

In the field of cardiac surgery, innovative technologies are offered for valve therapy in patients suffering from heart failure and structural heart disease, in particular heart valves (transcatheter heart valves and surgical technologies for valve replacements, such as valves and rings for aortic and mitral interventions) and solutions minimally invasive for valve surgery (soft tissue retractors, arterial and venous cannulas and catheters for aortic occlusion). The product portfolio is also

completed with devices for extracorporeal circulation in cardiac surgery, as well as devices used in intensive care for respiratory support.

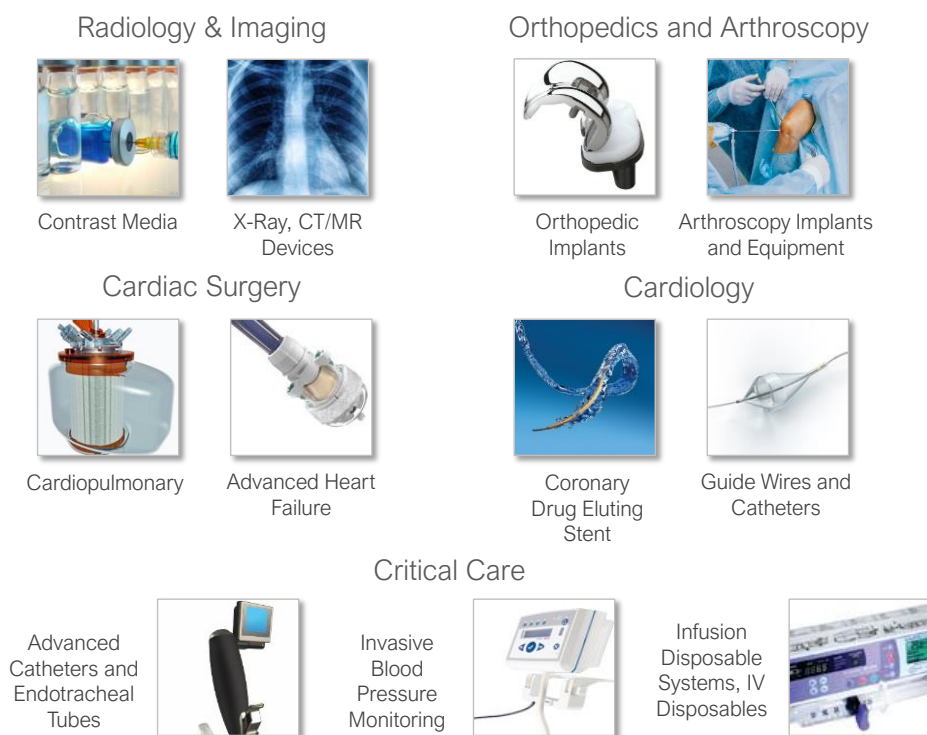
Cardiology: solutions for the treatment of coronary artery disease and interventional cardiology

The portfolio of products offers cutting-edge solutions for the treatment of coronary artery disease and interventional cardiology, which include drug eluting stents, coronary guide wires, balloon dilatation catheters and other products for minimally invasive treatment. The line also includes a wide range of products used in the treatment of peripheral arteries, such as minimally invasive peripheral stents, guide wires and catheters capable of recreating the flow in the blocked arteries of the legs, abdomen, arms and neck. Furthermore, non-invasive vascular therapeutic solutions are offered, such as shock therapy.

Critical Care: wide range of products used in the anesthesia, urology, intensive care and critical patient management departments

The Critical Care line includes a wide range of products used in the anesthesia, urology, intensive care and critical patient management departments. For example, handheld blood analyzers are marketed for rapid replacement of laboratory diagnostics; advanced endotracheal catheters and tubes capable of preventing bacterial colonization and promoting the prevention of the potential risk of infections; invasive venous and arterial pressure monitoring systems; arterial and venous port systems (catheters).

Figure 32: Mark Medical products



Source: Banca Profilo elaborations on Company data

Svas Biosana customer base

Public customers represents the 70% of FY20 sales

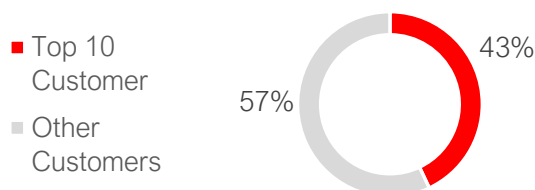
Svas Biosana customers are divided in Private Customers (30% of FY20 sales) and in Public Customers (70% of FY20 sales).

Main customer categories are:

- National public hospitals;
- Public purchasing and commissioning centers;
- Scientific hospitalization and treatment institutes;
- Nursing homes affiliated and not affiliated with the national health system;
- Nursing homes for the elderly;
- Pharmaceutical wholesalers, pharmacies, purchasing cooperatives between pharmacists;
- Hospital and healthcare retailers;

- Large-scale organized distributors.
- Svas Biosana first 10 customers represent the 43% of FY20 sale.

Figure 33: FY20 customer concentration



Source: Banca Profilo elaborations on Company data

Private customers relationship is based on quote

The relationship with private customers is managed on quote. Large-scale distributors have in place framework agreements that regulate references to be supplied and other supply conditions (discounts, promotional contributions, etc.).

Public customers are managed at single hospital level or by regional contracts

The turnover with public entities in Italy is fragmented since most of the tenders are not processed by the purchasing centre of the Italian public administration (Consip). Supplies are managed at single hospital level or by regional contracting centres. Supplies to public customers are awarded through public tenders which usually have a supply duration that varies between 1 and 4 years, with the possibility of further extension. Tenders usually specify an indicative supply volume which is managed through individual orders sent to the winning companies. Mark Medical's clients are public hospitals (Slovenia, Croatia, Serbia and Bosnia).

Figure 34: FY20 customer concentration



Source: Banca Profilo elaborations on Company data

Svas Biosana: its competitive arena

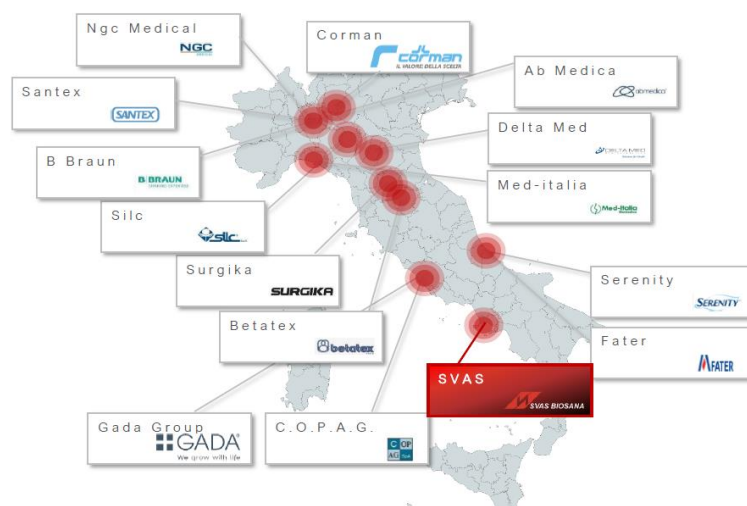
Main Italian competitors

Svas has a strategical position as main player in the South of Italy

The main Italian medical devices Companies are not well distributed in the Country. There is a strong players concentration in the North of Italy. For instance, 8 Companies representing the sample of Italian comparable that we have selected are located in the North, whereas 4 in Central Italy and 2 in Southern Italy, one of them is Svas Biosana.

Thus, Svas Biosana has a strategical position in the south of Italy operating as main operator.

Figure 35: Main Italian medical devices companies

















Source: Banca Profilo elaborations

Svas Biosana a singularity business model in Italy

Following Svas Biosana wide portfolio products, we selected the companies that are comparable at least for one business units. However, no Italian player is considered strictly similar to Svas Biosana business model.

Figure 36: Main Italian medical devices companies' activity

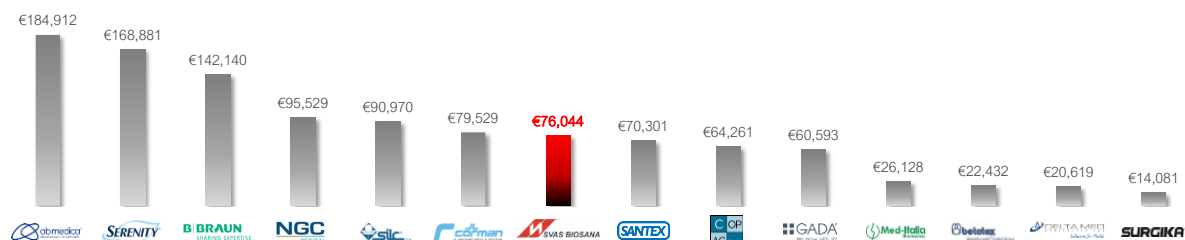
	Company		Sales 2020 €/000	EBITDA margin 2020	Headquarter	Distribution	Incontinence Aids & Cotton Products	Custom Packs	Intravenous solutions
1	Fater S.p.A.		865.927 €	15,80%	Pescara				
3	Ab medica S.p.A.		184.912 €	21,51%	Milano				
2	Serenity S.p.A.		168.881 €	3,05%	Chieti				
4	B. Braun Milano S.p.A. **		142.140 €	7,33%	Milano				
8	NGC Medical S.r.l.		95.529 €	3,33%	Como				
5	Silc S.p.A.		90.970 €	11,10%	Cremona				
6	Corman S.p.A. *		79.529 €	4,74%	Milano				
7	Santex S.p.A.		70.301 €	2,18%	Milano				
10	Consorzio dell'Ospedalità Privata per gli Acquisti e le Gestioni (C.O.P.A.G.) S.p.A.		64.261 €	12,29%	Roma				
9	Gada S.p.A.		60.593 €	20,56%	Roma				
11	Med-Italia Biomedica S.r.l.		26.128 €	3,87%	Genova				
12	Betatex S.p.A.		22.432 €	22,83%	Perugia				
13	Delta Med S.p.A.		20.619 €	13,44%	Viadana				
14	Surgika S.r.l. *		14.081 €	10,63%	Arezzo				

Source: Banca Profilo elaborations

*Svas Biosana FY20
revenues in line with
its Italian sample*

In terms of revenues FY20 revenues, Svas Biosana is considered in the average of main Italian competitors.

Figure 37: Main Italian medical devices companies' FY20 revenues (€/000)

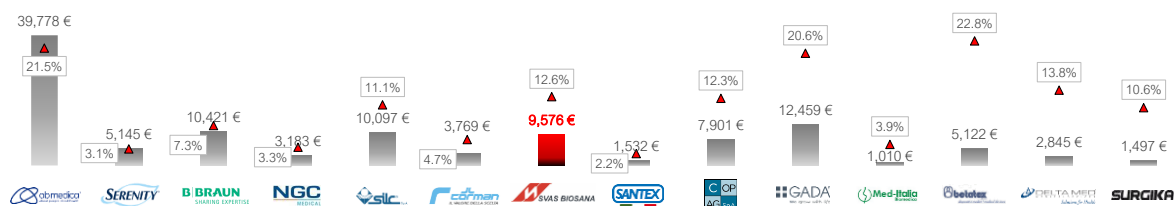


Source: Banca Profilo elaborations

*Svas Biosana EBITDA
margin higher than its
Italian competitors*

As regards the FY20 EBITDA margin, Svas Biosana has an EBITDA margin higher than its Italian competitors 12.6% vs a medium margin at 10.6%.

Figure 38: Main Italian medical devices companies' FY20 EBITDA margin



Source: Banca Profilo elaborations

Sample of listed comparables

A sample of eleven listed companies

As no one of the main Italian Competitors are listed, we decided to select a different sample of listed companies that could be considered Svas Biosana comparables, in order to build our multiple valuation analysis.

However, there are no listed companies that can be considered as good as “comparables” to Svas Biosana, for significant differences in terms of business model and company size. To build our sample we firstly conducted a comparative analysis based on three main macro-categories: business model, product range and positioning and company size. Secondly, we concentrated on growth prospects, cash generation and debt leverage. Based on these results, we selected the eleven “comparables” to Svas Biosana: GVS (Italy), Medtronic (US), Coloplast (Denmark), ConvaTec (UK), Stryker Corporation (US), Becton, Dickinson and Company (US), Cardinal Health (USA), Terumo Incorporated (US) and Teleflex Incorporated (US), Integra LifeSciences (US) and Shandong Weigao Group Medical Polymer (HK).

Table 1: Svas Biosana competitive arena

Similarity with Svas Biosana	Company	Country	Currency	Sales 2020	Ebitda 2020	Medical Devices	Medical Disposable
60%	GVS S.p.A	ITALY	Euro	363	141	x	x
35%	Medtronic Plc	US	U.S. Dollar	29,774	8,243	x	
53%	Coloplast A/S Class B	DENMARK	Danish Krone	18,779	6,821	x	x
50%	ConvaTec Group Plc	UK	British Pounds	1,370	306		x
45%	Stryker Corporation	US	U.S. Dollar	14,351	3,840	x	x
50%	Becton, Dickinson and Company	US	U.S. Dollar	17,918	5,017	x	x
60%	Cardinal Health, Inc.	US	U.S. Dollar	157,944	2,683	x	x
55%	Terumo Corporation	JAPAN	Japanese Yen	618,849	155,280	x	x
55%	Teleflex Incorporated	US	U.S. Dollar	2,537	701	x	x
60%	Integra LifeSciences Holdings Corporation	US	U.S. Dollar	1,372	334	x	x
60%	Shandong Weigao Group Medical Polymer	HONG KONG	Hong Kong Dollar	13,456	3,646	x	x
40%	Ontex	BELGIUM	Euro	2,087	236	x	x

Source: Banca Profilo elaborations on companies' data

GVS (ITA)

FY20: sales €363mln;
EBITDA margin 38.8%

The GVS Group is one of the world's leading manufacturers of filter solutions for applications in the Healthcare & Life Sciences, Energy & Mobility and Health & Safety sectors. In addition to the corporate office in Bologna, GVS currently has 15 plants in Italy, the United Kingdom, Brazil, the United States, China, Mexico, Romania and Puerto Rico and 18 sales offices located across the world

Medtronic (US)

FY20: sales \$29.8bn;
EBITDA margin 27.7%

Medtronic Plc is a medical technology company, which engages in the development, manufacture, distribution, and sale of device-based medical therapies and services. It operates through the following segments: Cardiac and Vascular Group; Minimally Invasive Technologies Group; Restorative Therapies Group; and Diabetes Group. The Cardiac and Vascular Group segment consists of products for the diagnosis, treatment, and management of cardiac rhythm disorders and cardiovascular disease. The Minimally Invasive Technologies Group segment focuses on respiratory system, gastrointestinal tract, renal system, lungs, pelvic region, kidneys, and obesity diseases. The Restorative Therapies Group segment comprises of neurostimulation therapies and drug delivery systems for the treatment of chronic pain, as well as areas of the spine and brain, along with pelvic health and conditions of the ear, nose, and throat. The Diabetes Group segment offers insulin pumps, continuous glucose monitoring systems, and insulin pump consumables. The company was founded in 1949 and is headquartered in Dublin, Ireland.

Coloplast (DEN)

FY20: sales DKK18.8bn; EBITDA margin 36.3%

Coloplast develops, manufactures, and markets medical products. It operates through the following segments: Chronic Care, Interventional Urology and Wound & Skin Care. The Chronic Care segment covers the sale of ostomy care products and continence care products. The Interventional Urology segment covers the sale of urological products, including disposable products. The Wound & Skin Care segment covers the sale of wound and skin care products. The company was founded by Aage Louis-Hansen and Johanne Louise-Hansen in 1954 and is headquartered in Humlebaek, Denmark.

ConvaTec (UK)
FY20: sales GBP1.4bn;
EBITDA margin 26.8%

ConvaTec Group operates as holding company, which engages in medical business. Its activities include development, manufacture and sales of medical products and technologies related to therapies for the management of chronic conditions, including products used for advanced chronic and acute wound care, ostomy care and management, continence and critical care, and infusion devices used in the treatment of diabetes and other conditions. The company was incorporated in 1978 and is headquartered in Reading, the United Kingdom.

Stryker Corporation (US) FY20: sales \$14.3bn; EBITDA margin 28.1%

Stryker engages in the provision of medical technology products and services. It operates through the following segments: Orthopaedics, MedSurg, and Neurotechnology & Spine. The Orthopaedics segment provides reconstructive and trauma implant systems. The MedSurg segment deals with surgical equipment and navigation systems, endoscopy, patient handling and reprocessed medical devices. The Neurotechnology & Spine segment pertains to spinal implants and neurovascular products. The company was founded by Homer H. Stryker in 1941 and is headquartered in Kalamazoo, MI.

Becton, Dickinson & Co (US) FY20: sales at \$17.9bn; EBITDA margin at 28.0%

Becton, Dickinson & Co. is a medical technology company. The firm engages in the development, manufacture, and sale of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry, and the general public. It operates through the following segments: BD Medical, BD Life Sciences, and BD Interventional. The BD Medical segment produces medical technologies and devices that are used to help improve healthcare delivery. The BD Life Sciences segment provides products for the safe collection and transport of diagnostics specimens; and instruments and reagent systems to detect infectious diseases, healthcare-associated infections, and cancers. The BD Interventional segment offers vascular, urology, oncology, and surgical specialty products to hospitals, individual healthcare professionals, extended care facilities, alternate site facilities, and patients via Homecare business. The company was founded by Maxwell W. Becton and Fairleigh S. Dickinson in 1897 and is headquartered in Franklin Lakes, NJ.

Cardinal Health (US) FY20: sales at \$157.9bn; EBITDA margin at 1.7%

Cardinal Health is a healthcare services and products company, which engages in the provision of customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories, and physician offices. It also provides medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency. The firm operates through the following segments: Pharmaceutical and Medical. The Pharmaceutical segment distributes branded and generic pharmaceutical, specialty pharmaceutical and over-the-counter healthcare and consumer products. The Medical segment manufactures, sources and distributes cardinal health branded medical, surgical, and laboratory products. Cardinal Health was founded by Robert D. Walter in 1971 and is headquartered in Dublin, OH.

Terumo Corporation (JP) FY20: sales YEN618.8bn; EBITDA margin 25.1%

Terumo engages in the manufacturing and sale of medical products and equipment. It operates through the following segments: Cardiac and Vascular Company, General Hospital Company, and Blood Management Company. The Cardiac and Vascular Company segment offers services and treatments including cardiac and vascular surgery and interventional therapies performed inside blood vessels. The General Hospital Company segment provides infusion and closed anticancer drug infusion systems, measuring devices system with communication functions, diabetes management, adhesion barrier, and peritoneal dialysis. The Blood Management Company segment offers a combination of apheresis collections, manual and automated whole blood processing, and pathogen reduction. The company was founded by Shibasaburo Kitasato on September 17, 1921 and is headquartered in Tokyo, Japan.

Teleflex (US) FY20: sales \$2.5bn; EBITDA margin 27.6%

Teleflex provides medical technology products which enables healthcare providers to improve patient outcomes and enhance patient and provider safety. The firm designs, develops, manufactures and supplies single-use medical devices used by hospitals and healthcare providers for common diagnostic and therapeutic

procedures in critical care and surgical applications. It operates through the following business segments: Americas, EMEA (Europe, the Middle East and Africa), Asia (Asia Pacific) and OEM. The Americas segment engages in the sales of interventional urology products. The EMEA engages in the sales of urology products. The Asia segment designs, manufactures and distributes medical devices primarily used in critical care, surgical applications and cardiac care and generally serves hospitals and healthcare providers. The OEM segment designs, manufactures and supplies devices and instruments for other medical device manufacturers. The company was founded in 1943 and is headquartered in Wayne, PA.

*Integra LifeScience
(US)*

*FY20: sales \$1.4bn;
EBITDA margin 24.4%*

Integra LifeSciences Holdings engages in the manufacture and sale of medical instruments, devices, and equipment. It operates through the Codman Specialty Surgical, and Orthopedics and Tissue Technologies segments. The Codman Specialty Surgical segment refers to the company's neurosurgery business, which sells a full line of products for neurosurgery and neuro critical care such as tissue ablation equipment, dural repair products, cerebral spinal fluid management devices, intracranial monitoring equipment, and cranial stabilization equipment; and precision tools and instruments business, which sells instrument patterns and surgical and lighting products to hospitals, surgery centers, and dental, podiatry, and veterinary offices. The Orthopedics and Tissue Technologies segment includes offerings such as skin and wound repair, bone and joint fixation implants in the upper and lower extremities, bone grafts, and nerve and tendon repair. The company was founded by Richard E. Caruso in 1989 and is headquartered in Princeton, NJ.

*Shandong Weigao
Group Medical Polymer
(HK)*

*FY20: sales
HK\$13.5bn;
EBITDA margin 27.1%*

Shandong Weigao Group Medical Polymer engages in the research and development, production, and sale of medical devices. It operates through the following segments: Medical Device Products, Orthopaedic Products, Interventional Products, Pharma Packaging Products, and Others. The Medical Device Products segment produces and sells clinical care, wound management, medical testing, anesthesia, and surgical related products; and consumables. The Orthopaedic Products segment focuses on the provision of orthopaedic products. The Interventional Products segment comprises of tumour and blood vessel interventional instruments. The Pharma Packaging Products includes pre-filled syringes and flushing syringes, The Blood Management Products segment consists of blood collection, storage, separation, and sterilization products. The Other segment pertains to the finance lease and factoring business. The company was founded in 1988 and is headquartered in Weihai, China.

Ontex (BEL)

*FY20: sales €2.1bn
EBITDA margin 9.1%*

Ontex Group is an international personal hygiene group. It offers products for baby care, feminine care and adult care and is the partner of choice for consumers, retailers and institutional and private healthcare providers. Ontex's commercial activities are organized in three Divisions: Europe, which is predominantly focused on providing retailers with their own brands; Americas, Middle East Africa and Asia, which is predominantly focused on local Ontex brands; and Healthcare which focuses on Ontex adult incontinence brands in institutional channels. The company was founded in 1979 and is headquartered in Aalst, Belgium

*Svas Biosana
competitive advantages*

Svas Biosana, to straight its market positioning both on Medical Device and Medical Disposables, leverages on distinctive know how, high flexibility to meet customer needs, optimal price/quality ratio and client support and direct contact with hospital team to stand out from the crowd.

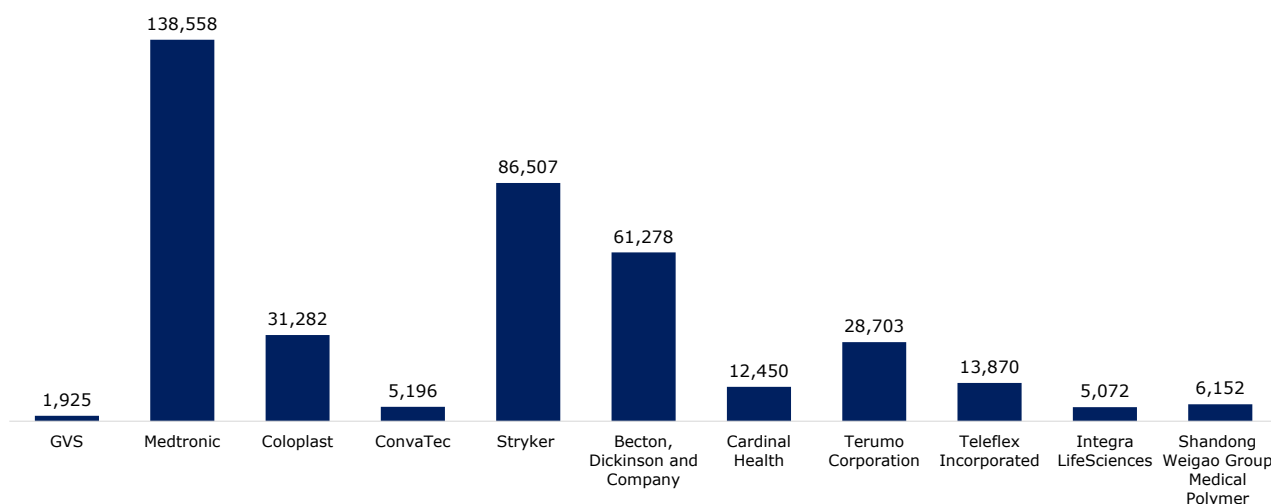
Key financials

Svas Biosanas competitive arena: stocks at -2% since the beginning of the year due to Covid-19 impact

We conduct an analysis on the main financial indicators of Svas Biosana's selected competitors.

Since the beginning of the year, the selected listed companies showed an average stock performance of -2% mainly due to Covid-19 impact on Medical Devices Companies.

Figure 39: Svas Biosana's competitive arena market cap (€mln)

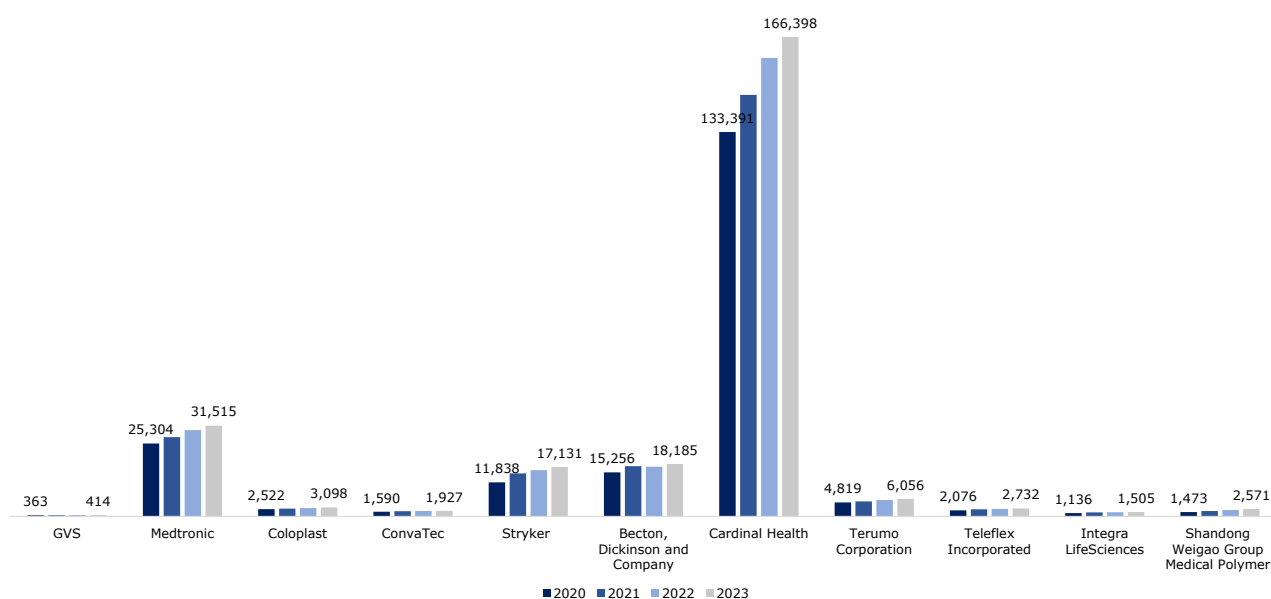


Source: Banca Profilo elaborations on Factset data

9% sales CAGR 2020-2023

In terms of revenues, consensus sees a 14% average sales CAGR 2020-2022.

Figure 40: Svas Biosana's competitive arena sales consensus (€'000)

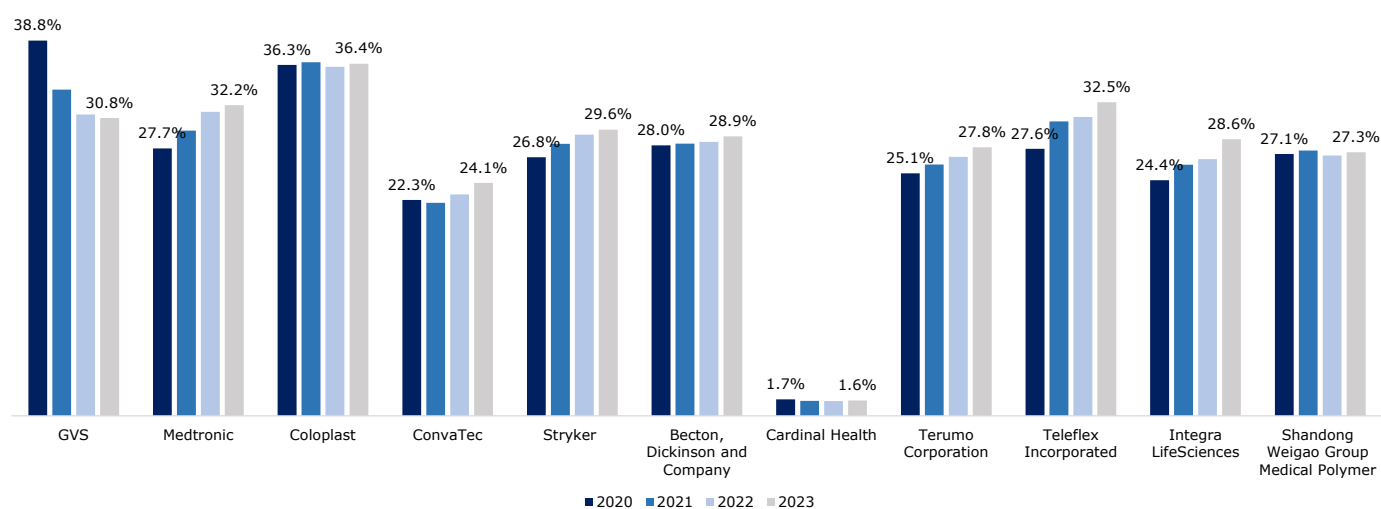


Source: Banca Profilo elaborations on Factset data

EBITDA improvement by 2023

In terms of EBITDA margin, consensus estimates an average improvement of 130bps in 2020-2023.

Figure 41: Svas Biosana's competitive arena EBITDA margin consensus



Source: Banca Profilo elaborations on Factset data

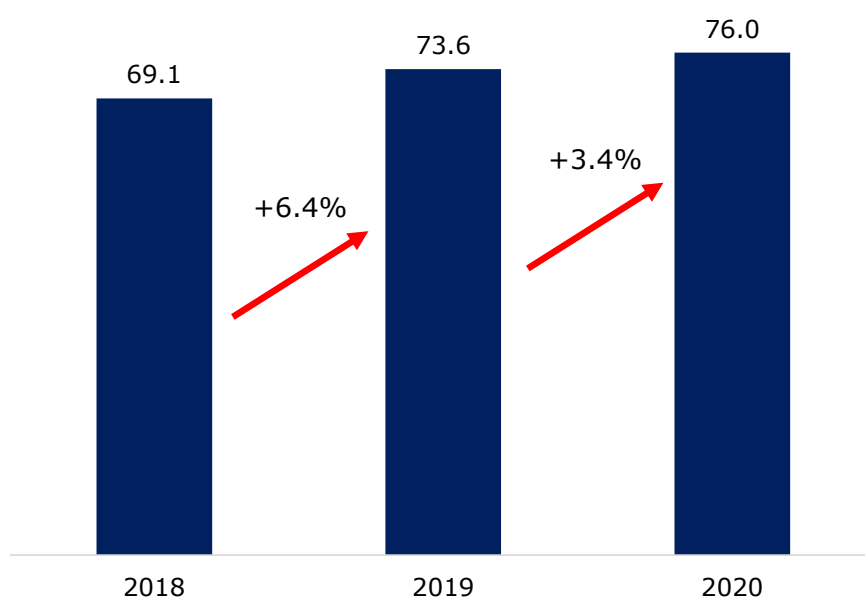
Historical operating and financial performance

Main operating and financial data FY20

Revenues increased by 10% from 2018 to 2020

From 2018 to 2020, Svas Biosana's total revenue grew from €69.1m to €76m, registering CAGR 18-20 of 5%. Nonetheless, the medical devices crisis due to the pandemic in 2020, the Company showed resilience to Covid-19 reporting revenues increase at +3.4% yoy.

Figure 42: Revenue evolution 2018 –2020 (€, mln)

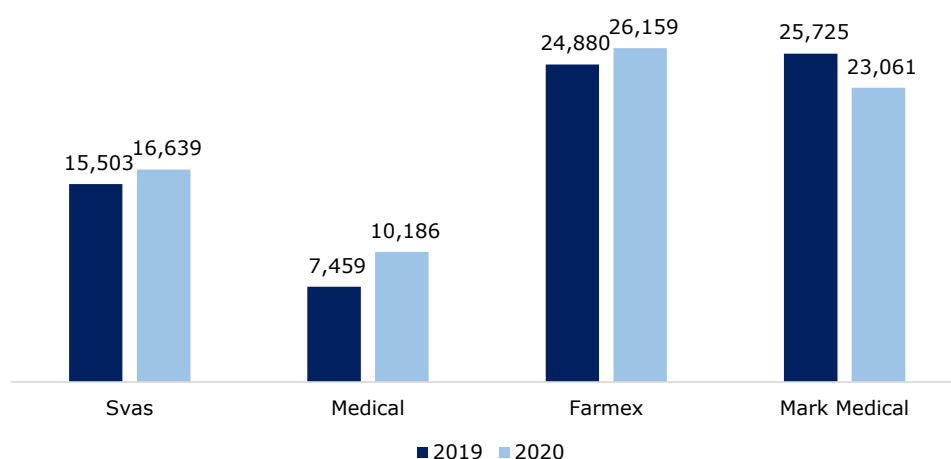


Source: Banca Profilo elaborations on Company

Farmex business unit at 34% of revenues

In terms of revenues, the Farmex business unit contributes with the 34% of sales both in 2019 and in 2020, showing an increase of 5% yoy. The Medical business unit also registered a revenues increase driven by a growth in Protective Product used in surgery due to Covid-19 new regulation. In the 2020, the Mark Medical segment reported a slight revenue decrease (-10% yoy) mainly due to Covid-19 impact on medical devices.

Figure 43: Revenue breakdown by business unit 2019–2020 (€, mln)

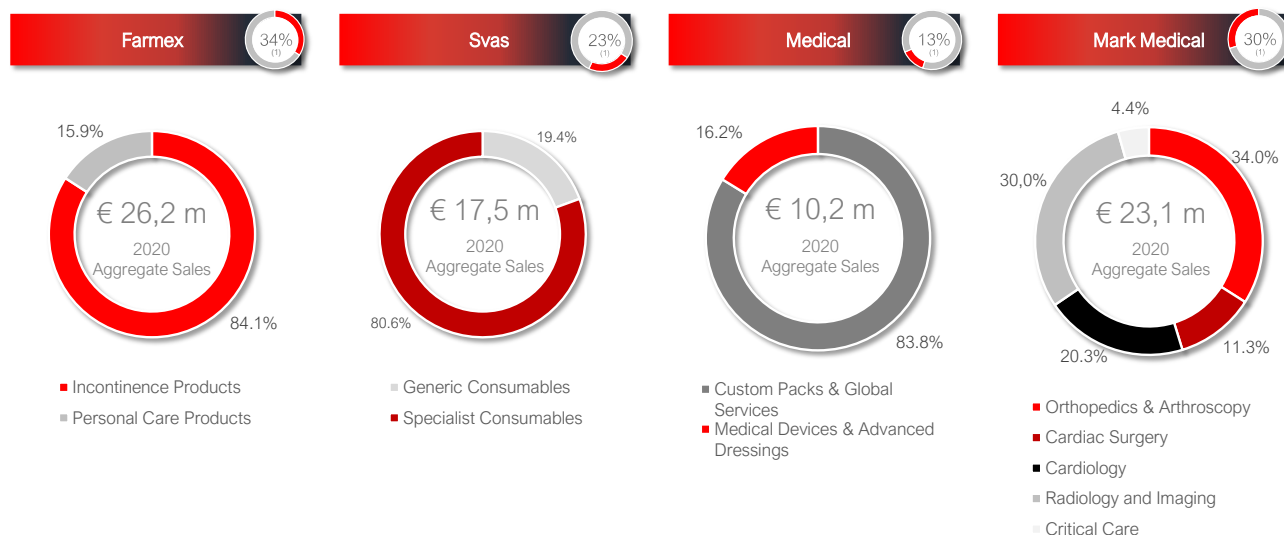


Source: Banca Profilo elaborations on Company

Custom pack

As regards revenues per product by business line, one of the main Svas Biosana products is the Custom Pack that represents the 84% of Medical segments. Custom pack is one of Svas Biosana's product with the higher marginality

Figure 44: 2020 Product Breakdown by Business Line



Source: Banca Profilo elaborations on Company data

The 53% of Svas Biosana's revenues is related to distribution activity that involves the first-class medical devices suppliers

Svas Biosana's activity is well distributed between production and distribution business, respectively at 47% and 53% of sales.

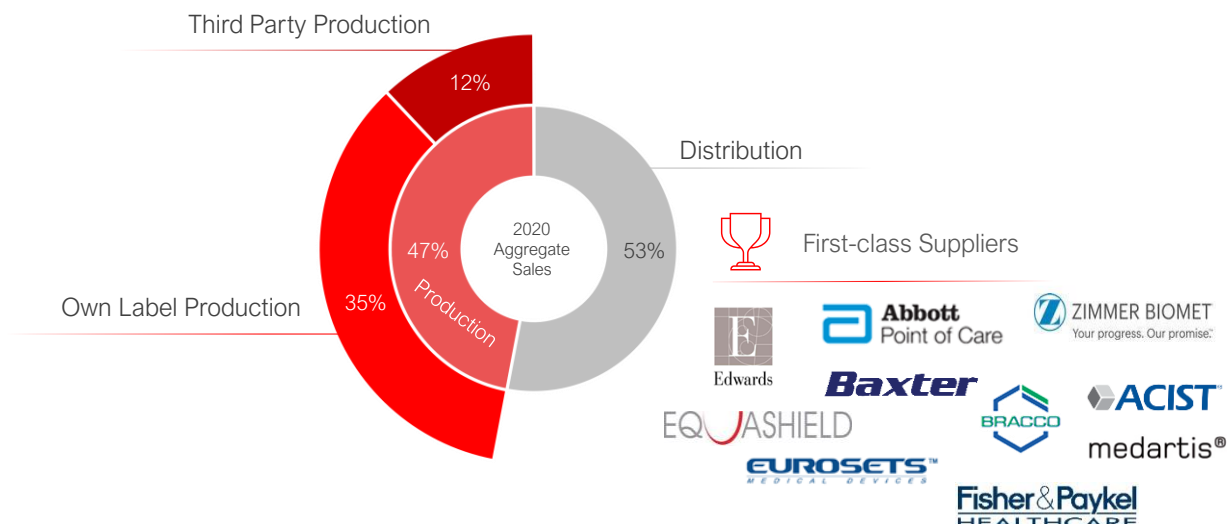
The production line is also divided in third party production, that represents the 12% of Group revenues and are reconducted to Farmex (Incontinence aids, Animal mats, Cotton wool, Cotton fabrics for personal care) and Medical (Impregnated dressings).

The own label production involves the business line:

- Farmex: with the production of incontinence aids, animal mats, traditional dressing, hydrophilic cotton, cotton fabrics for personal care;
- Medical: with the production of custom packs, hospital drapes, medical devices for infusion and aspiration, impregnated dressings and supplements.

Whereas the distributed products involve the highest quality products and are supplied by global leading medical devices operators.

Figure 45: Svas Biosana's 2020 revenue breakdown by type of business

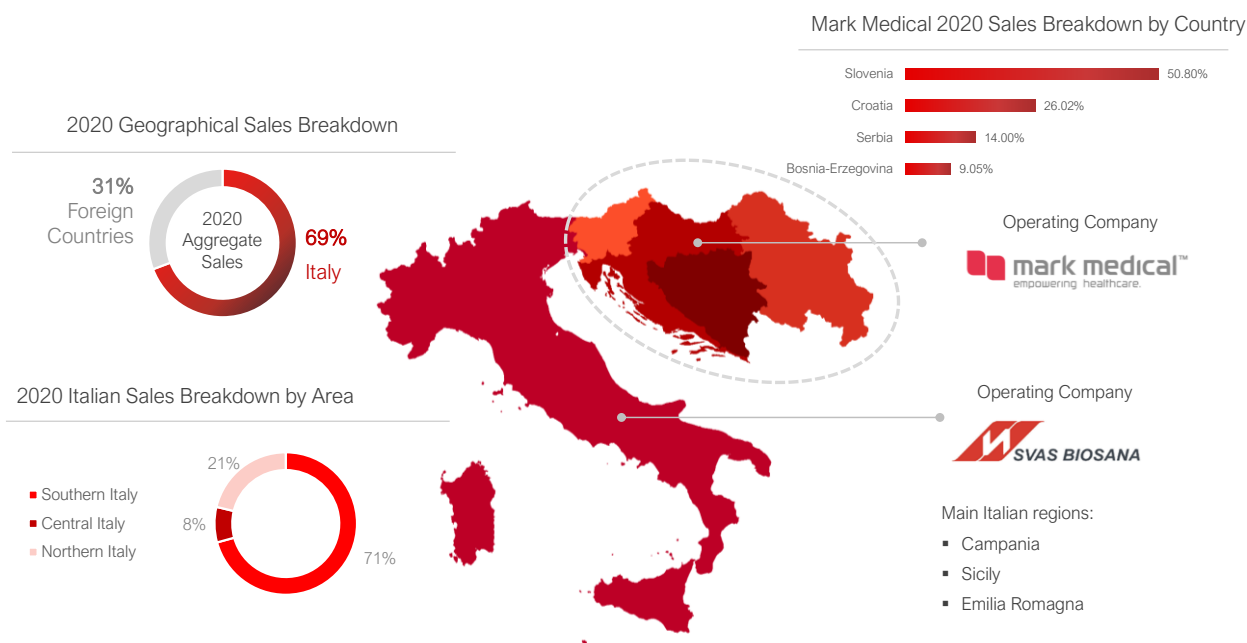


Source: Banca Profilo elaborations on Company data

31% of revenues comes from abroad

Regarding Svas Biosana geographical presence, the 31% of sales derived from Foreign Countries, in detail from the East of Europe, where the Group has a strong presence through its Mark Medical subsidiary.

Figure 46: 2020 Svas Biosana's revenue breakdown by Country



Source: Banca Profilo elaborations on Company data

Public customers represent the 70% of Group revenues

Regarding Svas Biosana's customer base, at the end of FY20, the 70% of revenues comes from Public customers, whereas the remaining part derived from Private customers.

Figure 47: 2020 Svas Biosana revenues breakdown per type of customer

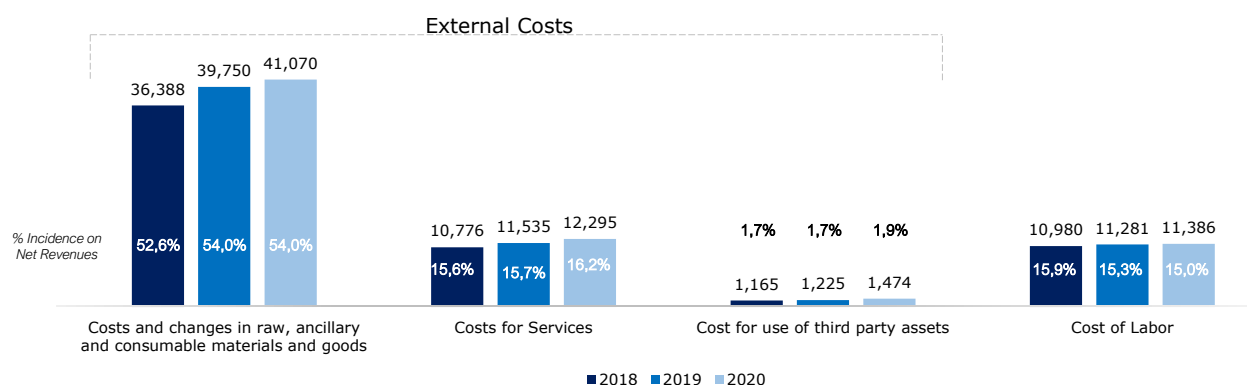


Source: Banca Profilo elaborations on Company data

Cost structure: 54% of expenses related to raw and consumables materials and goods

During the 2018-2020 period, the Group maintain its costs' structure mainly based on raw and consumables materials and goods expenses that worth the 54% of total costs. Whereas the costs for services counted for 16.2% in 2020.

Figure 48: Costs structure 2018–2020

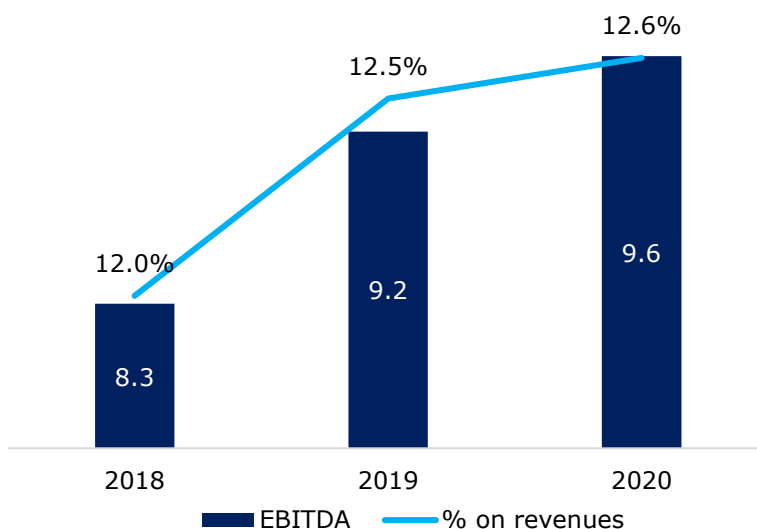


Source: Banca Profilo elaborations on Company data

Nonetheless Covid-19 EBITDA increased by 4.1% yoy

In 2020, despite Covid-19 outbreak, consolidated EBITDA improved 4.1% yoy to €9.6mln from €9.2mln in 2019 driven by higher revenues. The Group also achieved a slightly better marginality, with a 2020 EBITDA Margin of 12.6% in comparison to the 2019 EBITDA margin of 12.5%.

Figure 49: EBITDA 2018–2020



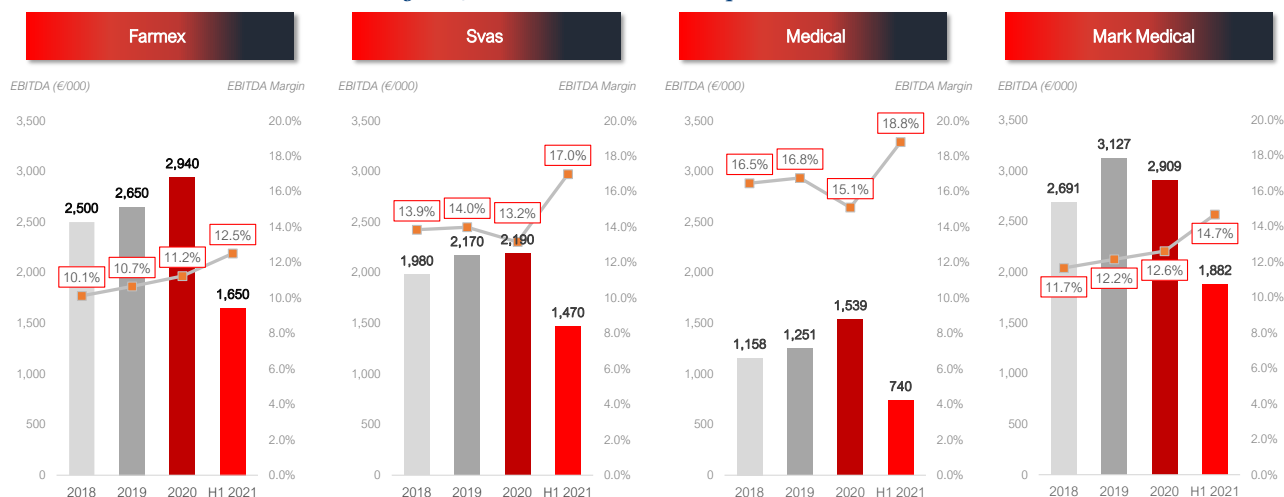
Source: Banca Profilo elaborations on Company data

Medical: the business line with the highest marginality driven by custom pack

Svas Biosana reported an improvement in terms of marginality in Farmex and Mark Medical division, whereas in Svas and in Medical business lines registered a slight slowdown mainly due to higher cost correlated to support the revenues increase reported.

Medical is the business line that reported the highest EBITDA margin in the period 2018–2020, driven by custom pack that is the product characterized by high marginality.

Figure 50: EBITDA 2018–2020 per business line

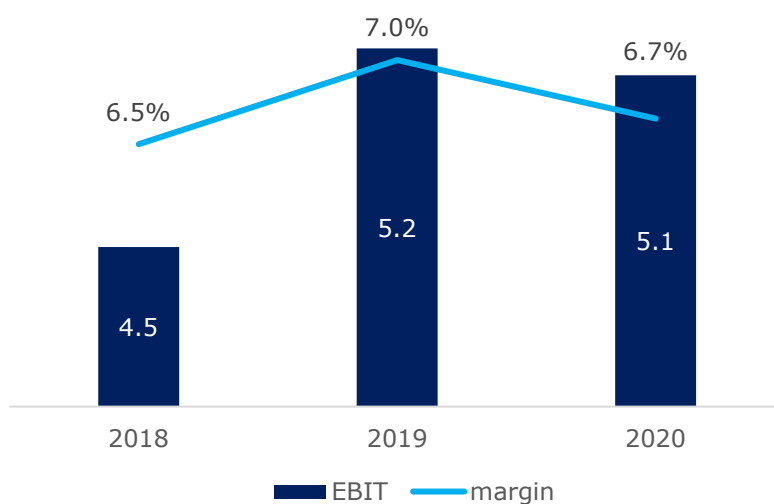


Source: Banca Profilo elaborations on Company data

EBIT 2020: at €5.1mln

Following the EBIT increase registered in 2019 of 14.5% yoy, in 2020, Svas Biosana EBIT partially remain unchanged to €5.1mln from €5.2mln (-1.7% yoy). The slight decrease was mainly due to an increase in D&A, following the CAPEX increase. The Group ended the FY20 with a net income at €2.5mln (+1.3% yoy).

Figure 51: EBIT 2018–2020



Source: Banca Profilo elaborations on Company data

Table 2: Svas Biosana's Profit & Loss 2018–2020

Profit & Loss (€/mln)		2018	2019	2020
Revenues		69.1	73.6	76.0
	Farmex	24.7	24.9	26.2
	yoy		0.7%	5.1%
	% on total revenues	36%	34%	34%
	Svas	15.3	16.3	17.5
	yoy		6.6%	7.3%
	% on total revenues	22%	22%	23%
	Medical	7.0	7.5	10.2
	yoy		6.1%	36.6%
	% on total revenues	10%	10%	13%
	Mark Medical	23.1	25.7	23.1
	yoy		11.5%	-10.4%
	% on total revenues	33%	35%	30%
	Group Elision	(1.0)	(0.8)	(0.8)
	Other revenues	0.5	1.4	1.7
	% on total revenues	1%	2%	2%
Value of production		69.6	75.0	77.7
External costs		(48.4)	(52.5)	(54.8)
	Costs and changes in raw, ancillary and consumable materials and goods	(36.4)	(39.8)	(41.1)
	% on revenues	53%	54%	54%
	Costs of services	(10.8)	(11.5)	(12.3)
	% on revenues	16%	16%	16%
	Costs for the use of third party assets	(1.2)	(1.2)	(1.5)
	% on revenues	2%	2%	2%
Value added		21.3	22.5	22.9
	% on revenues	31%	31%	30%
	Labour costs	(11.0)	(11.3)	(11.4)
	% on revenues	16%	15%	15%
	Other operating expenses	(2.0)	(2.0)	(1.9)
		3%	3%	3%
EBITDA		8.3	9.2	9.6
	% on revenues	12.0%	12.5%	12.6%
	D&A	(3.8)	(4.0)	(4.5)
	yoy		5.5%	11.7%
	Provision for risks	-	-	-
EBIT		4.5	5.2	5.1
	margin	7%	7%	7%
EBT		2.7	3.2	3.2
	margin	4%	4%	4%
	Taxes	(0.8)	(0.7)	(0.7)
Net profit		1.9	2.5	2.5
	margin	3%	3%	3%

Source: Banca Profilo elaborations on Company data

Balance Sheet: Upgrading Svas

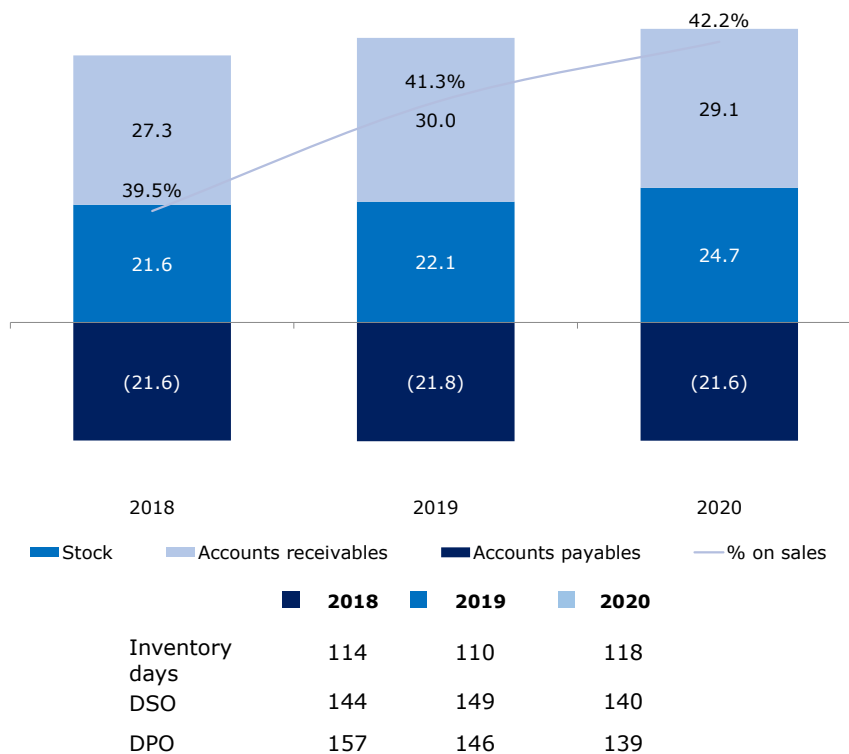
On the Balance Sheet side, at the end of 2020, the Group showed €35.1mln of Fixed assets, up from €33.9mln at the end of 2019 due to new investments related to R&D expenses and production plants CHIEDERE CONFERMA DELL'UTILIZZO DI CAPEX

Biosana's plants production

Operating NWC at 42% of revenue

Operating Net Working Capital slightly increased to €32.1mIn (+5% yoy), weighing 42.2% on revenues, following the increase in account receivables and stock, only partially offset by the rise in account payables.

Figure 52: Net Working Capital 2018–2020

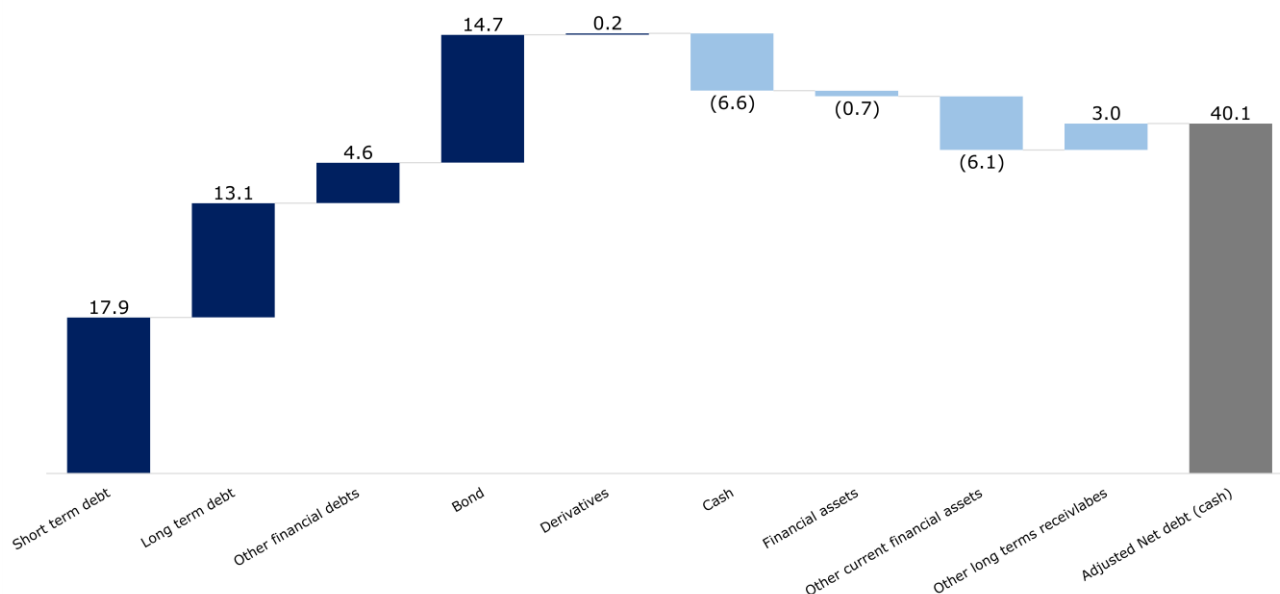


Source: Banca Profilo elaborations on Company data

Net debt down to €40.1mIn at the end of 2020

At the end of December 2020, the adjusted net debt slightly declined to €40.1mIn from €40.7mIn a year earlier. We adjusted the net financial position by other terms receivables for the part that is related to long term.

Figure 53: 2020 Svas Biosana's adjusted net financial position (€/mln)



Source: Banca Profilo elaborations and estimates on Company data

Table 3: Svas Biosana's Balance Sheet (€/mln)

Balance sheet (€/mln)	2018	2019	2020
Stock	21.6	22.1	24.7
Accounts receivables	27.3	30.0	29.1
Accounts payables	(21.6)	(21.8)	(21.6)
Operating Net Working Capital	27.3	30.4	32.1
Other current asset and liabilities	0.6	(1.7)	(0.2)
Net Working Capital	27.9	28.6	31.9
Intangibles	7.0	7.1	9.2
Tangibles	25.6	26.7	25.8
Financials	0.1	0.2	0.1
Fixed Asset	32.8	33.9	35.1
Funds	(1.9)	(2.0)	(2.1)
Other asset and liabilities	(0.3)	(0.2)	(0.2)
Net Invested Capital	58.5	60.4	64.8
Equity	22.4	22.8	27.7
Net debt (cash)	36.1	37.5	37.1
Adjusted Net debt (cash)	38.3	40.7	40.1
Other long terms receivables	2.2	3.1	3.0
Liabilities	58.5	60.3	64.8

Source: Banca Profilo elaborations and estimates on Company data

Free Cash Flow 2020 at €13.3mln due to divestments

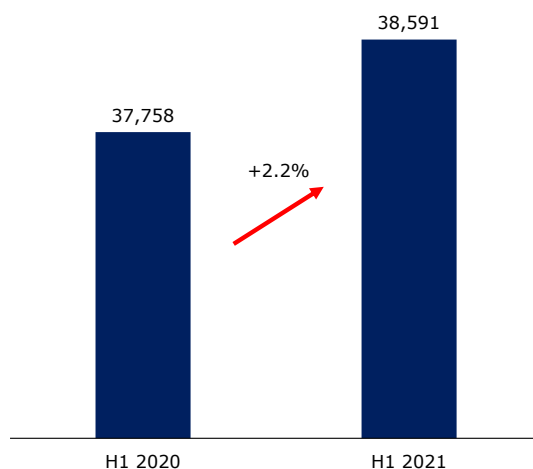
At the end of FY20 the Company reported an unlevered cash flow at €13.3mln, unusual from the previous -€5mln in 2019 and -€141.4k in 2018, mainly attributable to €10.7mln of material asset divestments CHIEDERE A COSA SONO DOVUTI I DISIN.

Main operating and financial data 1H21

**1H21: +2.2% yoy
revenue growth**

In the 1H21 the Company registered revenues increase of 2.2% yoy with sales at €38.6mln from €37.8mln in the previous year, mainly driven by Farmex business line with €13.2mln of revenues and Mark Medical with €12.8mln of sales.

Figure 54: 1H20 vs 1H21 revenues

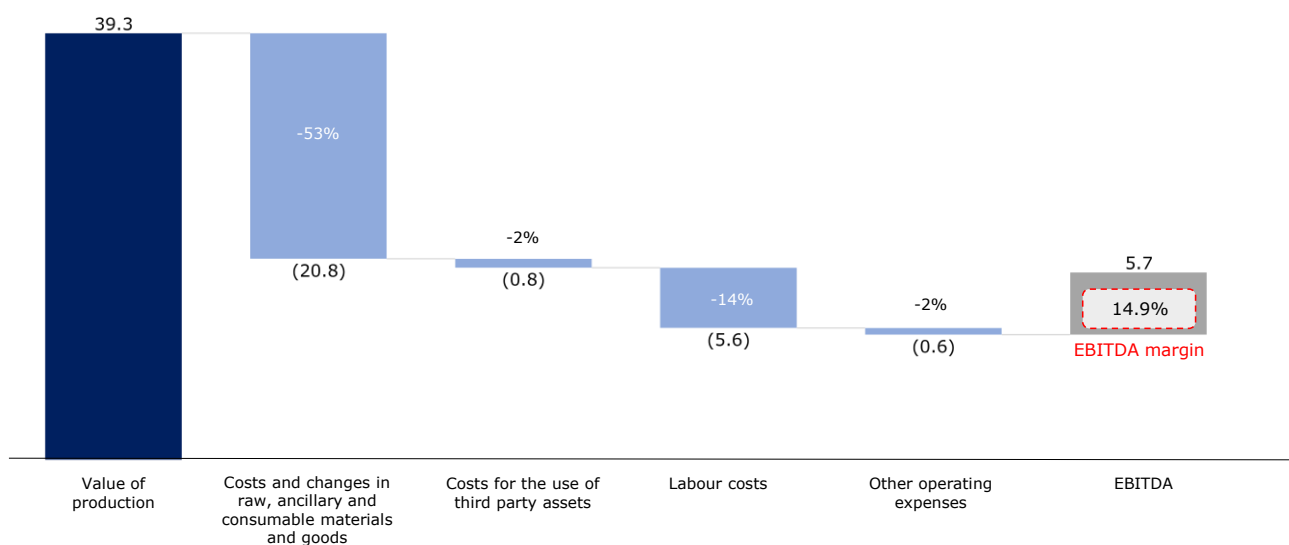


Source: Banca Profilo elaborations and estimates on Company data

**1H21 EBITDA margin
at +110bps on 1H20
results**

In 1H21, Svas Biosana shows a strong growth in terms of EBITDA, reporting an increase of 10.1% yoy to €5.7mln, driven by higher revenues and a better product-cost mix. The Company also reported an increase in EBITDA margin, reaching 14.9% +110bps from the 13.8% registered in 1H20. Svas Biosana is characterized by a margin dilution in the second semester due to some expenses concentrated in this part of the year, for instance some exhibitions at the end of the year.

Figure 55: 1H21 EBITDA composition



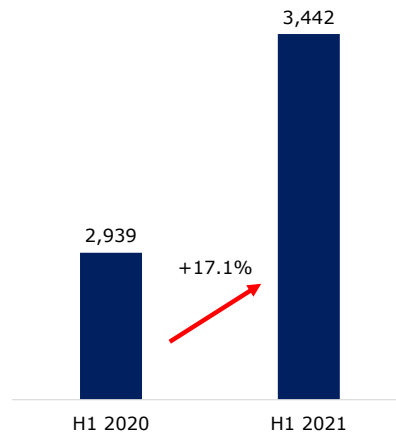
Source: Banca Profilo elaborations and estimates on Company data

**1H21 EBIT at €3.4mln
+17.1% yoy**

In 1H21, EBIT reached €3.4mln, increasing by 17.1% yoy with a margin increase at 8.9% from the previous 7.8%. The increase is mainly correlated to higher EBITDA reported.

As a consequence, also net income moved up to €2mln from €1.6mln a year earlier increasing by 24.2%

Figure 56: 1H20 vs 1H21 EBIT

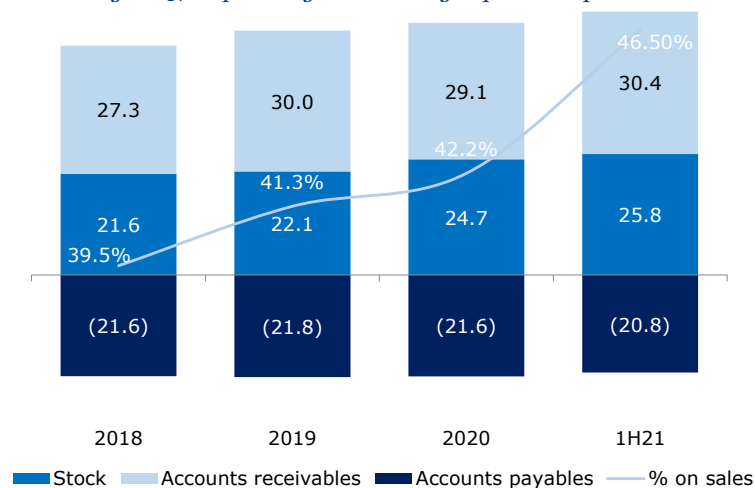


Source: Banca Profilo elaborations and estimates on Company data

Operating net working capital followed revenue growth

Regarding the Balance Sheet, operating net working capital increased to €35.4mln at the end of June 2021 from €32.1mln at the end of December 2020, mainly due to an increase in stock and in accounts receivable.

Figure 57: Operating net working capital composition



Source: Banca Profilo elaborations and estimates on Company data

Adjusted net debt at €38.1mln to finance Operating NWC needs and new investments

At the end of June, adjusted net debt moved to €38.1mln from €40.1mln at the end of December for operating net working capital needs and investments.

2021-2024 strategy and financial estimates

Corporate strategies and main risks

Expand its product range; M&A opportunities

For the next years, Svas Biosana's Group is set to expand its business further, through M&A activity and new products development.

The Company's growth strategy is based on the following key pillars:

- External growth through acquisition in order to strengthening the actual network, services and customer base in the neighbouring area;
- Develop of cost synergies and economies of scale through M&A activity;
- Expansion of its production capacity;
- Develop new product lines in order to reach a larger share of customers;
- Catch the wave of growth elderly population and the increase of incidence of chronic diseases dynamics. In 2028, the medical devices market is expected to worth \$658bn from \$455 expected in 2021, whereas the Consumables market is expected to reach \$181bn in 2027 from \$133 in 2020;
- Upgrading logistics in order to reduce the time to market.

Key risks:

- Intensifying competition within large manufacturers
- High growth rates could lead to cost management issues
- Internalization of Svas Biosana processes by its main customer
- Cannibalization of products under Svas Biosana's brand and third-party brand;
- Substitute products competition;
- High correlation between Medical Device Industry and Covid-19 crisis;
- Revenues associated to tenders;
- Italian revenues highly related to National Health System relationship;
- Maintaining high quality standards of products.

Our 2021E-2024E estimates

Svas Biosana is expected to beat market growth thanks to new products and customers consolidation

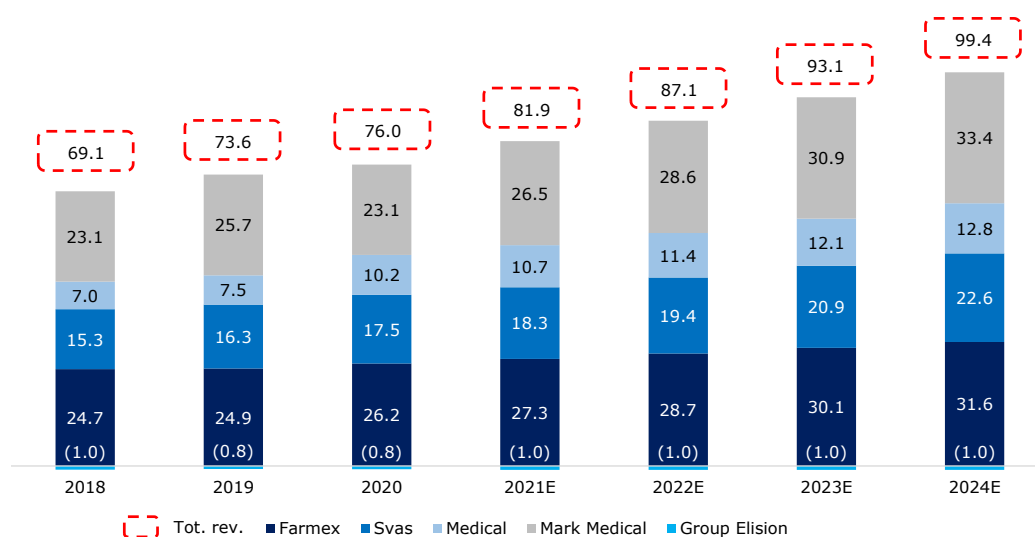
Our estimates are on Svas Biosana as is, stand alone. Our assumptions are based on single business unit, in order to better estimates Svas Biosana's growth.

Among key assumptions, we estimate:

- as regards Farmex:
 - we estimate revenues at the end of 2024E at €31.6m from the €27.3m seen in 2021E. We project sales CAGR21E-25E at 5% slightly above the 4.5% of Medical Consumption market driven by portfolio products expansion.
- as regards Svas:
 - we estimate revenues increase from €18.3m seen in 2021E to €22.6m at the end of 2024E. Excluding 2021E in which we replicate Medical Consumption market trend (+4.5%), in order to consider COVID-19 risks, in the following years 21-24 we project a sales CAGR21E-24E at 7% mainly driven by new market penetration;
- as regards Medical:
 - excluding the 2021E, for the same reasons above, in which we estimate a 5.5% yoy growth as Medical Devices market expected CAGR; we project a 6% sales CAGR21E-25E mainly driven by evolution of custom packs products and by the growth activity of both Biotech and e.Medical subsidiary;
- as regards the Mark Medical:
 - in the 2021E we consider a strong rebound (+15% yoy) from the previous year as we estimate a recovery in Medical Devices market after the impact of Covid-19 in 2020 in which in this business unit the Company registered a decrease of 10.4% yoy. However, at the end of 2024E we revenues at €33.4m, from the €26.5m seen in 2021E, increasing at a CAGR21E-25E of 8% supported by customer consolidation and a stronger relationship with the top supplier.

At Group level, revenues are expected grow at a 6.7% CAGR21E-24E, reaching €99.4m at the end of FY24, from the €81.9m estimated at the end of 2021E.

Figure 58: Svas Biosana revenue trend 2018-2024E (€, mln)



Source: Banca Profilo elaborations and estimates on Company data

Cost assumptions: 2021E-2024E raw, ancillary and consumable materials

In terms of costs assumptions:

- cost of raw, ancillary and consumable materials and goods: it is projected at an average of 53% on revenues. In order to take into consideration, the risk of any

and goods at 53% due to the critical importance of consumable materials and goods

appreciation of raw materials and the critical importance of consumable materials and goods in Svas Biosana, cautiously, we do not project any better product mix. Moreover, these expenses include the costs of products' provision for the distribution business line;

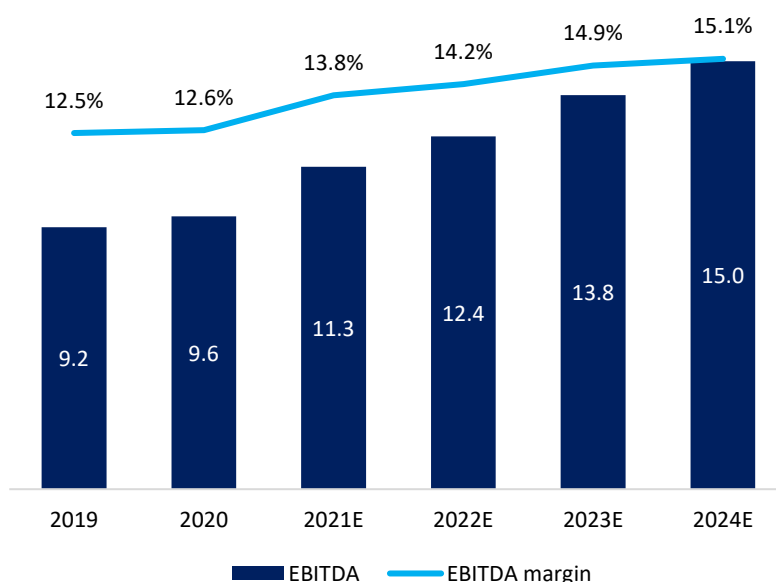
- cost of services: we expect it at an average of 16% in the period 2021E-2024E as in 2020, considering the key role of distribution in Svas Biosana;
- labour costs: according to our estimates, the incidence on revenues is expected at a constant average of 14%, slightly below the 15% recorded in FY20, nonetheless organizational strengthening and the costs related to highly qualified personnel;

EBITDA is expected to reach €15mln in FY24 thanks to a better product-cost mix

In 2021, EBITDA is expected to increase to €11.3mln from €9.6mln in FY20, with a margin at 13.8% from previous 12.6% in FY20.

The EBITDA is expected to increase at €15mln in 2024E with a margin at 15.1%. The growth is mainly driven by high revenues and a better product-cost mix.

Figure 59: EBITDA (€, mln) and EBITDA margin (%) trend 2019-2024E



Source: Banca Profilo elaborations and estimates on Company data

D&A increase in the 21E-24E period following a €16mln investment's plan

D&A is expected to slightly increase in the period 2021E-2024E due to new investments to support Company growth. Moreover, we now include the amortization of IPO costs equal to €2.2mln and amortized in 5 years.

Nonetheless the increase in D&A we assume an EBIT growth mainly due to high revenues and EBITDA. The EBIT is expected to raise to €9.7mln at the end of 2024E from the €7.4mln seen in FY21.

Tax rate at 22% in the period 21E-24E

Tax rate is estimated in line with 2019-2020 at 22% until 2024.

Net income: CAGR21-24 at 13%

In 2021E, we expect net income to reach its record at €4.3mln in FY21 and then to grow at a 12.6% CAGR2021E-2024E to €6.1mln in 2024.

Table 4: Svas Biosana's Profit & Loss 2019-2024E (€, mln)

Profit & Loss (€ mln)		2020	2021E	2022E	2023E	2024E
Revenues		76.0	81.9	87.1	93.1	99.4
	yoy	3.4%	7.7%	6.4%	6.8%	6.9%
	Farmex	26.2	27.3	28.7	30.1	31.6
	yoy	5.1%	4.5%	5.0%	5.0%	5.0%
	% on total revenues	34%	33%	33%	32%	32%
	Svas	17.5	18.3	19.4	20.9	22.6
	yoy	7.3%	4.5%	6.0%	8.0%	8.0%
	% on total revenues	23%	22%	22%	22%	23%
	Medical	10.2	10.7	11.4	12.1	12.8
	yoy	36.6%	5.5%	6.0%	6.0%	6.0%
	% on total revenues	13%	13%	13%	13%	13%
	Mark Medical	23.1	26.5	28.6	30.9	33.4
	yoy	-10.4%	15.0%	8.0%	8.0%	8.0%
	% on total revenues	30%	32%	33%	33%	34%
Group Elision		(0.8)	(1.0)	(1.0)	(1.0)	(1.0)
Other revenues		1.7	1.3	1.4	1.5	1.6
% on total revenues		2%	2%	2%	2%	2%
Value of production		77.7	83.2	88.5	94.5	101.0
External costs		(54.8)	(58.2)	(61.4)	(64.8)	(68.8)
	Costs and changes in raw, ancillary and consumable materials and goods	(41.1)	(43.4)	(46.2)	(48.9)	(51.7)
	% on revenues	54%	53%	53%	53%	52%
	Costs of services	(12.3)	(13.2)	(13.8)	(14.4)	(15.4)
	% on revenues	16%	16%	16%	16%	16%
	Costs for the use of third party assets	(1.5)	(1.6)	(1.5)	(1.5)	(1.7)
	% on revenues	2%	2%	2%	2%	2%
Value added		22.9	24.9	27.1	29.7	32.2
	% on revenues	30%	30%	31%	32%	32%
Labour costs		(11.4)	(11.6)	(12.5)	(13.5)	(14.7)
	% on revenues	15%	14%	14%	15%	15%
Other operating expenses		(1.9)	(2.1)	(2.2)	(2.3)	(2.5)
	% on revenues	3%	3%	3%	3%	3%
EBITDA		9.6	11.3	12.4	13.8	15.0
	% on revenues	12.6%	13.8%	14.2%	14.9%	15.1%
D&A		(4.5)	(4.0)	(4.5)	(5.0)	(5.3)
	yoy	11.7%	-11.8%	14.2%	10.6%	6.4%
Provision for risks		-	-	-	-	-
EBIT		5.1	7.4	7.9	8.8	9.7
	margin	7%	9%	9%	9%	10%
EBT		3.2	5.5	6.0	7.0	7.8
	margin	4%	7%	7%	7%	8%
Taxes		(0.7)	(1.2)	(1.3)	(1.6)	(1.7)
Net profit		2.5	4.3	4.6	5.4	6.1
	margin	3%	5%	5%	6%	6%

Source: Banca Profilo elaborations and estimates on Company data

Balance Sheet projections 2021-2024:

Capex €13.8mln

€8.5mln of NOWC
absorption

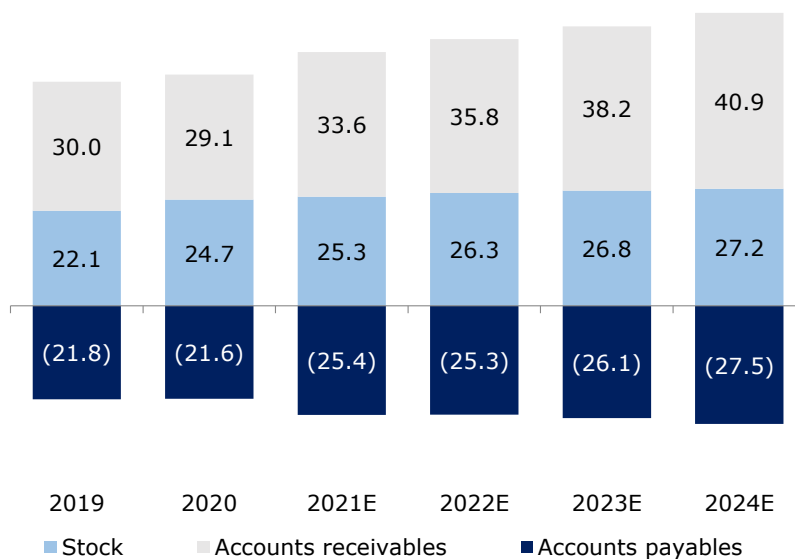
NFP Adjusted to decline
progressively

Regarding our Balance Sheet projections (2021E-2024E):

- as regards to Capex, we project €16mln, mainly related to tangible assets (€12mln) aimed at maintenance and renovation of the production plant whereas the remain are related to intangible asset to support R&D activities;
- NOWC is expected to weight 41% on average on revenues, including the stockpiling to mitigate the risk of an increase in raw materials costs and the risk of a non-fully and rapid recovery in the supply chain after Covid-19 outbreak;
- Following the €20mln of capital increase post IPO, Net Financial Position Adjusted is expected to decline progressively to €8.5mln in 2024E, from net debt adjusted at €21.6mln in 2021E. The adjustment is related to other receivables as they are long terms thus for us are considered financial assets.

These other long-term receivables are estimated constantly at €3mIn as in 2020 and in 2019.

Figure 60: Net Operating Working Capital projections 2019-2024E



Source: Banca Profilo elaborations and estimates on Company data

Table 5: Svas Biosana Balance sheet 2019-2024E (€, mln)

Balance sheet (€/mln)	2020	2021E	2022E	2023E	2024E
Stock	24.7	25.3	26.3	26.8	27.2
Accounts receivables	29.1	33.6	35.8	38.2	40.9
Accounts payables	(21.6)	(25.4)	(25.3)	(26.1)	(27.5)
Operating Net Working Capital	32.1	33.6	36.8	38.9	40.6
Other current asset and liabilities	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital	31.9	33.4	36.6	38.7	40.4
Intangibles	9.2	13.6	10.8	9.9	9.0
Tangibles	25.8	25.8	26.1	26.4	26.9
Financials	0.1	0.1	0.1	0.1	0.1
Fixed Asset	35.1	39.5	37.0	36.4	36.0
Funds	(2.1)	(2.1)	(2.3)	(2.5)	(2.7)
Other asset and liabilities	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Invested Capital	64.8	70.6	71.1	72.5	73.6
Equity	27.7	52.0	56.6	62.0	68.1
Net debt (cash)	37.1	18.6	14.5	10.5	5.5
Adjusted Net debt (cash)	40.1	21.6	17.5	13.5	8.5
Other long terms receivables	3.0	3.0	3.0	3.0	3.0
Liabilities	64.8	70.6	71.1	72.5	73.6

Source: Banca Profilo elaborations and estimates on Company data

€18.5mln cumulated
Free Cash Flows in
2021E-2024E

According to our Profit & Loss and Balance Sheet estimates, in 2021E-2024E, we estimate €18.5mln of cumulated Free Cash Flows, including €13.8mln of cumulated capex and €8.5mln of NOWC needs.

Table 6: Svas Biosana FCF 2021-2024E (€, mln)

	2021E	2022E	2023E	2024E
EBIT	7.4	7.9	8.8	9.7
taxes	(2.2)	(2.4)	(2.7)	(2.9)
NOPAT	5.2	5.5	6.2	6.8
D&A	4.0	4.5	5.0	5.3
Operating cash flow	9.1	10.0	11.2	12.1
Operating Net Working Capital change	(1.4)	(3.2)	(2.1)	(1.7)
Other funds	0.0	0.2	0.2	0.2
Capex	(3.0)	(3.3)	(3.5)	(4.0)
FCF	4.7	3.7	5.8	6.6

Source: Banca Profilo elaborations and estimates on Company data

Valuation

DCF method and market multiples

Given Svas Biosana's cash generating business model, a DCF method well adapts as a valuation approach. Furthermore, we have selected a sample of listed international companies "comparables" to Svas Biosana, in order to suggest an appropriate sample for the relative valuation through market multiples.

DCF valuation

DCF assumptions: €16mln of cumulated FCFs

To run a DCF model, we would use our projections of FCFs for the 2022E-24E explicit period: €16mln of cumulated FCFs or €5.3mln as yearly average.

7.3% WACC

We would use a WACC of 7.3%, derived from:

- risk free rate at 3.0%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days) with an estimated increase in interest rates;
- market risk premium equal to 5.5%;
- beta of 1.5, coming from the average of chosen listed peers;
- target debt to equity structure, with 50% weight of Equity

To assess the Terminal Value, we used what we consider a perpetually sustainable free cash flow at €6.6mln, given by the average of the 2024E FCF. Finally, we assumed 2% perpetual growth rate.

In order to get to the Equity Valuation, we would consider the adjusted net debt as of the end of 2021E equal to €21.6mln, which includes the capital increase of about €20mln.

Table 7: WACC calculation

WACC Calculation	
perpetual growth rate	2%
WACC	7.3%
risk free rate (30Y) (Bloomberg projections)	3.0%
equity risk premium	5.5%
beta	1.5
KE	11.4%
cost of debt	5.0%
tax rate	35%
KD	3.3%

Source: Banca Profilo estimates and elaborations

Relative Valuation on multiples

EV/EBITDA the multiple to be used

As no one of the main Italian Competitors are listed, we decided to select a different sample of listed companies that could be considered Svas Biosana comparables, in order to build our multiple valuation analysis.

However, there are no listed companies that can be considered as good as "comparables" to Svas Biosana, for significant differences in terms of business model and company size. To build our sample we firstly conducted a comparative analysis based on three main macro-categories: business model, product range and positioning and company size. Secondly, we concentrated on growth prospects, cash generation and debt leverage. Based on these results, we selected the eleven "comparables" to Svas Biosana: GVS (Italy), Medtronic (US), Coloplast (Denmark), ConvaTec (UK), Stryker Corporation (US), Becton, Dickinson and Company (US), Cardinal Health (USA), Terumo Incorporated (US) and Teleflex Incorporated (US), Integra LifeSciences (US), Shandong Weigao Group Medical Polymer (HK) and Ontex (BEL).

Table 8: Sample benchmarking on revenue growth and EBITDA margin

Company	Sales growth				EBITDA margin			
	2020	2021E	2022E	2023E	2020	2021E	2022E	2023E
GVS S.p.A	59.7%	-5.0%	8.2%	8.1%	38.8%	32.8%	30.6%	30.4%
Medtronic Plc	1.3%	6.3%	6.2%	5.2%	27.7%	29.8%	31.7%	32.5%
Coloplast A/S Class B	3.9%	5.6%	8.1%	7.8%	36.3%	36.6%	36.3%	36.5%
ConvaTec Group Plc	-4.2%	11.9%	3.8%	4.2%	22.3%	21.9%	22.8%	24.1%
Stryker Corporation	-3.6%	18.9%	7.2%	6.8%	26.8%	28.1%	29.1%	29.6%
Becton, Dickinson and Company	4.0%	11.8%	-1.8%	5.5%	28.0%	28.1%	28.2%	28.8%
Cardinal Health, Inc.	6.0%	7.7%	7.0%	4.5%	1.7%	1.5%	1.5%	1.5%
Terumo Corporation	-0.2%	9.1%	9.4%	7.0%	25.1%	25.9%	26.8%	27.7%
Teleflex Incorporated	-2.2%	10.3%	5.8%	5.5%	27.6%	30.4%	30.8%	32.2%
Integra LifeSciences Holdings Corporation	-9.6%	12.3%	5.8%	5.5%	24.4%	26.0%	26.6%	28.6%
Shandong Weigao Group Medical Polymer Co.	18.8%	22.0%	16.6%	13.0%	27.1%	27.4%	26.6%	26.0%
Ontex Group N.V.	-8.5%	-2.6%	2.9%	1.7%	11.3%	9.1%	10.0%	11.4%
Mean	7.2%	8.5%	6.0%	6.1%	26.0%	26.1%	26.4%	27.0%

Source: Banca Profilo estimates and elaborations on Factset (as of December 15th, 2021)

EV/EBITDA 2022E at 15.1x

Considering the first sample of closer peers, the EV/EBITDA 2022E is at 15.1x (as of December, the 15th).

Table 9: Sample market multiples

Company	EV / Sales				EV / EBITDA			
	2020	2021E	2022E	2023E	2020	2021E	2022E	2023E
GVS S.p.A	5.1x	5.3x	4.9x	4.6x	13.0x	16.2x	16.1x	15.0x
Medtronic Plc	5.7x	5.4x	5.1x	4.8x	20.7x	18.1x	16.0x	14.9x
Coloplast A/S Class B	11.2x	10.6x	9.8x	9.1x	30.8x	29.0x	27.1x	25.0x
ConvaTec Group Plc	3.2x	2.9x	2.8x	2.7x	14.4x	13.1x	12.2x	11.0x
Stryker Corporation	7.4x	6.2x	5.8x	5.5x	27.8x	22.2x	20.0x	18.5x
Becton, Dickinson and Company	4.8x	4.3x	4.4x	4.1x	17.1x	15.2x	15.5x	14.3x
Cardinal Health, Inc.	0.1x	0.1x	0.1x	0.1x	6.4x	6.6x	6.4x	6.1x
Terumo Corporation	5.9x	5.4x	4.9x	4.6x	23.4x	20.7x	18.4x	16.6x
Teleflex Incorporated	6.7x	6.1x	5.7x	5.4x	24.2x	20.0x	18.6x	16.9x
Integra LifeSciences Holdings Corporation	4.8x	4.3x	4.0x	3.8x	19.7x	16.4x	15.2x	13.4x
Shandong Weigao Group Medical Polymer Co.	3.4x	2.8x	2.4x	2.1x	12.6x	10.2x	9.0x	8.2x
Ontex Group N.V.	0.7x	0.7x	0.7x	0.7x	6.3x	8.1x	7.2x	6.2x
Mean	4.9x	4.5x	4.2x	4.0x	18.0x	16.3x	15.1x	13.8x
Median	4.9x	4.8x	4.6x	4.3x	18.4x	16.3x	15.7x	14.6x

Source: Factset. All numbers calendarised

Source: Banca Profilo estimates and elaborations on Factset (as of December 15th, 2021)

Market multiples valuation: €29.6/share

Our relative valuation is based on peers' average EV/EBITDA 2022E at 15.1x. In terms of EBITDA we used the adjusted EBITDA expected at 2022E at €12.4mln and the adjusted net debt estimated at the end of FY21 which include IPO's capital increased. This leads to an Equity Value of €165.6mln or €29.6/share.

Table 10: Sample market multiples

Relative Valuation on market multiples 2022	
EV/EBITDA	Adjusted EBITDA
2022E	2022E
15.1x	12.4
ENTERPRISE VALUE	Adj. NET DEBT FY21
187.3	21.6
EQUITY VALUE	
165.6	
Price per share	29.6

Source: Banca Profilo estimates and elaborations on Factset (as of December 15th, 2021)

TP at €20.5/share; BUY recommendation

We run a DCF approach on an annual average FCF of some €5.3mln in the 2022E-2024E period and set WACC at 7.3%. As there are no listed companies that can be considered as good as "comparables" to Svas Biosana, for significant differences in terms of business model and company size, to set our 12-month Target Price we decide to weight our valuation more on DCF than on peers' average EV/EBITDA 2022E. Thus, we set our 12-month Target Price at €20.5/share, including IPO costs and proceeds and current developing phase of the business. Given the significant potential upside on Svas's closing price, our recommendation is BUY.

Offering structure and IPO Proceeds

Svas Biosana listed at €12.5/share on 9th December

Svas Biosana was listed on the AIM segment of the Milan Stock Exchange on 9th December at €12.5/share. The share capital is represented by 5,600,000 shares with a floating of 28.6%.

Perillo's Family owns the remaining 68.9% of the Group whereas the remaining 2.5% are Svas Biosana's own shares.

24months lock up period Shareholders have a 24 month lock up period.

Warrant distribution

At the IPO, the Company will issue 1 free warrant any 2 stocks for investors upon the IPO. The conversion will be 1 warrant for 1 new issued stock with a strike price at +15% to IPO price in the first exercise period (July 2022), +30% to IPO price in the 2nd exercise period (July 2023), +60% to IPO price in the 3rd exercise period (July 2024).

Use of proceeds: 70% M&A to support external growth by strengthening the actual network

The IPO proceeds will be used to M&A and internal investments.

Main in detail:

- M&A (70% of IPO total proceeds): identifying players for potential acquisitions and partnership to support external growth by strengthening the actual network, services and customer base in the neighbouring area. Moreover, the M&A activity will support the develop of cost synergies and economies of scale. The Company already has a clear and focused M&A strategy for further national and international expansion. Svas Biosana would acquire three different Companies: i) one in Easter Europe to build platform for expansion into Mark Medical's neighboring countries; ii) the second one in Western Europe iii) and the third one in Northern Italy, these last two have the aim to acquire a distribution company with a commercial structure with proximity to the end customer. To support its external growth, Svas Biosana could also use the proceeds deriving from a hypothetical sale of its own share that represent the 3.5% of Svas Biosana sharecapital.
- Internal investments (30% of IPO total proceeds):
 - New productive plant;
 - Augmented productive capacity on existing plants;
 - New product lines in order to reach a larger share of customers.

Table 11: Group structure post IPO

Svas shareholding structure	N° Ordinary shares	Shareholding structure
Umberto Perillo	2,452,483	43.8%
Daniela Antonia Perillo	355,582	6.3%
Svas Biosana	140,000	2.5%
Belforte srl	305,581	5.5%
Cofi Italia srl	458,372	8.2%
Agrinvesti srl	287,982	5.1%
Free float (excluding anchor investors)	1,600,000	28.6%
Total	5,600,000	100.0%

Source: Banca Profilo estimates and elaborations

Svas Biosana "ID Card"

Recommendation
BUY

Target Price
20.50 €

Upside
37%

Company Overview

Svas Biosana Group is an Italian leading player in medical devices and consumables, acting as both manufacturer and distributor. The Group was founded in 1972 in Southern Italy by Francesco Fausto Perillo with to provide medical devices in the area. Since then, Svas Biosana has started its growth path. Since the 90', the Company has been building a successful M&A track record: i) it acquired Galenica Senese to enter the injectable solutions market; ii) in 1996, it bought Vincenzo Sorrentino & Figli, active in cotton derivatives, used in health care and cosmetics; iii) in 2004, it acquired Fabbrica Italiana di Medicazione; iv) in 2015, it entered the Balkan area through the purchasing of Mark Medical, a distributor of medical devices and drugs in Slovenia, Croatia, Serbia, Bosnia & Herzegovina; v) in 2019, it bought back the minority stake in Svas Biosana held by Atlante private equity fund. As of today, Svas Biosana has a clear and focused M&A strategy for further national and international expansion. The Company showed resilience to Covid-19 outbreak, reporting a 3.4% yoy revenues increase and improving EBITDA margin to 12.6% in 2020 (12.5% in 2019). In the 1H21, sales increased by 2.2% yoy to €38.6m and EBITDA margin rose by 110bps to 14.9%. The medical devices industry is expected to grow at a 5.4% CAGR21E-28E, after a 3.7% yoy decline in 2020 due to Covid-19 impact. The industry of medical disposables is projected at +4.5% CAGR20-27E. The rise in both industries is driven by: i) ageing population; ii) rise of chronic diseases; iii) expansion of medical technologies; iv) sudden emergence of severe infections; v) new investments in R&D to improve safety and efficacy. For the near future, Svas Biosana is set to expand its business further with a growth strategy based on four key pillars: i) external growth through M&A; ii) logistics upgrading to reduce the time to market; iii) expansion of production capacity; iv) product development to reach a larger share of customers.

Our 2021E-2024E estimates include IPO capitalized costs for €2.2m and IPO proceeds with a capital increase of €20m. Revenues are expected to grow at 6.7% CAGR21E-24E to €99.4m (€76m in 2020); EBITDA is seen to reach €15m (€9.6m in 2020), with margin improving to 15.1% (12.6% in 2020). We expect cumulated 2021E-2024E FCFs at €20.7m or a yearly average of €5.2m, including €13.8m of cumulated capex and €8.5m of NOWC needs. We run a DCF approach on an annual average FCF of some €5.3m in the 2022E-2024E period and set WACC at 7.3%. As there are no listed companies that can be considered as good as "comparables" to Svas Biosana, for significant differences in terms of business model and company size, to set our 12-month Target Price we decide to weight our valuation more on DCF than on peers' average EV/EBITDA 2022E. Thus, we set our 12-month Target Price at €20.5/share, including IPO costs and proceeds and current developing phase of the business. Given the significant potential upside on Svas's closing price, our recommendation is BUY.

SWOT Analysis

Strengths

- Multinational Company
- Well diversified portfolio
- Focus on innovation and R&D
- Distinctive Know-How
- Resilience to global recession
- Long-lasting client relationships
- Top end customers
- Distribution site close to its end-customer
- Successful M&A track record
- Products customization
- High quality offer
- Complementary products

Weaknesses

- Italian revenues highly related to National Health System relationship
- Revenues associated to tenders
- High correlation between Medical Device industry and Covid-19 crisis

Opportunities

- Strategically positioned to boost long term expansion
- Growth through M&A
- Production capacity expansion
- Logistics updates to reduce the time to market
- New product lines development

Threats

- Intensifying competition within large manufacturers
- High growth rates could lead to cost management issues
- Internalization of Svas process by its main customer
- Cannibalization risk of products under Svas Biosana's brand and Third-Party brand
- Substitute products competition
- Maintaining high quality standard products

Main catalysts

- 👍 Upgrading logistics to reduce the time to market
- Production capacity expansion
- M&A deals to expand the offering range and

Main risks

- 🗨 Intensifying competition within large manufacturers
- High growth rates could lead to cost management issues
- Internalization of Svas Biosana processes by its main customer
- Cannibalization of products under Svas Biosana's brand and third-party brand
- Substitute products competition
- High correlation between Svas Biosana Industry and Covid-19 crisis
- Revenues associated to tenders
- Italian revenues highly related to National Health System relationship
- Maintaining high quality standards of products



Svas Biosana "ID Card"

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Recommendation
BUY

Target Price
20.50 €

Upside
37%

Main Financials					
(€ mln)	2020	2021E	2022E	2023E	2024E
Revenues	76.0	81.9	87.1	93.1	99.4
yoy change		8%	6%	7%	7%
Value of production	77.7	83.2	88.5	94.5	101.0
yoy change		7%	6%	7%	7%
EBITDA	9.6	11.3	12.4	13.8	15.0
yoy change		18%	9%	12%	9%
EBITDA margin (%)	12.6%	13.8%	14.2%	14.9%	15.1%
EBIT	5.1	7.4	7.9	8.8	9.7
EBIT margin (%)	7%	9%	9%	9%	10%
EBT	3.2	5.5	6.0	7.0	7.8
EBT Margin (%)	4%	7%	7%	7%	8%
Net income	2.5	4.3	4.6	5.4	6.1
Net Income margin (%)	3%	5%	5%	6%	6%
Adjusted Net debt (cash)	40.1	21.6	17.5	13.5	8.5
Shareholders Equity	27.7	52.0	56.6	62.0	68.1
Changes in NOWC	32.1	33.6	36.8	38.9	40.6
Capex		(3.0)	(3.3)	(3.5)	(4.0)
Free Cash Flow		4.7	3.7	5.8	6.6

Breakdown by business unit					
(€ mln)	2020	2021E	2022E	2023E	2024E
Farmex	26.2	27.3	28.7	30.1	31.6
Svas	17.5	18.3	19.4	20.9	22.6
Medical	10.2	10.7	11.4	12.1	12.8
Mark Medical	23.1	26.5	28.6	30.9	33.4

Revenues from finished product 43.6 45.6 48.1 51.1 54.2

Solvability Ratios					
	2020	2021E	2022E	2023E	2024E
Adj. Net Debt (cash)/Equity	1.4x	0.4x	0.3x	0.2x	0.1x
Adj. Net Debt (cash)/EBITDA	4.2x	1.9x	1.4x	1.0x	0.6x

Financial and Operative ratios					
	2020	2021E	2022E	2023E	2024E
Tax rate	-22%	-22%	-22%	-22%	-22%
ROE	9%	8%	8%	9%	9%
ROIC	13%	23%	26%	31%	36%
Capex/VoP		4%	4%	4%	4%
D&A/Capex		132%	137%	143%	133%

Source: FactSet, Banca Profilo estimates and elaborations

Company Description	
Company Sector	Svas Biosana
Price (€)	-
Number of shares (mln)	-
Market Cap (€ mln)	-
Reference Index	-
Main Shareholders	Perillo's Family
Main Shareholder stake	69%
Free Float	-
Daily Average Volumes ('000)	-
Sample of comparables	GVS (Italy), Medtronic (US), Coloplast (Denmark), ConvaTec (UK), Stryker Corporation (US), Becton, Dickinson and Company (US), Cardinal Health (USA), Terumo Incorporated (US) and Teleflex Incorporated (US), Integra LifeSciences (US), Shandong Weigao Group Medical Polymer (HK)

Data of peers			
	2021E	2022E	2023E
Revenue Growth (yoy)	9%	6%	6%
EBITDA Margin	26%	26%	27%

Average data

Multiples of peers		
	2022E	2023E
Average EV/EBITDA	15.1x	13.8x
Median EV/EBITDA	15.7x	14.6x

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