SVAS BIOSANA

BUY

A non-single-use investment

Target Price : **16.1€**

Upside potential : **+24%**

8th April 2022

Unique value proposition

SVAS is a leading company in the production and distribution of medical devices in Italy and in the Balkans. **It is core business is the medical disposable** (e.g. incontinence aids, custom packs, specialist devices). It can boast of a unique value proposition, thanks to the completeness of the service and product provided. It has the most diversified portfolio in the market, guaranteeing a service tailormade to clients. Every stage of the value chain is done by specialist in close partnership with the doctors in order to ensure the highest quality, safety and utility for the client.

It can count on a well-structured production core, and a distribution core in Italy and East Europe, where it sells products in concession from leading market companies (e.g. Abbot, Zimmer Biomet).

Road to expansion

SVAS launched its IPO on 9th December 2021, listing in the Euronext Growth Milan of the Milan Stock Exchange. It was able to raise €20m to properly use to boost its growth. The group is strategically planning to invest 70% of its proceeds in M&A and 30% in internal investments. Based on this ambitious business plan we are expecting the company to rapidly enlarge its portfolio of clients and products, enhancing performance and reputation in the market.

A market destined to grow

SVAS ambitious plan can be comforted by a market full of opportunities. According to a research carried out from Fortune Business Insight, the medical device market is estimated to growth at 5.4% CAGR (2021-2028) (driven by 4 main factors: (1) **higher health care per capita expenditure** (growth rate of 4.4% yoy in 2020); (2) **growing number of chronic diseases** (new cancer cases from 19m in 2020 to 30m in 2040), (3) **rise in geriatric population** and (iv) **greater resort to preventiveA health care activities** (the global health insurance market is estimated at a value of USD 1,590bn in 2021 and it is expected to grow from USD 1,590bn to USD 2,427bn in 2027).

Valorisation

We initiate our coverage with a target price of €16.1, with an upside potential of 24%, reflecting the expected significant growth outlook.
We based our valuation only on the DCF method (WACC 8.51% and TGR 1.5%) to better reflect the company intrinsic value. At our target price of €16.1, SVAS would trade at EV/Sales 2022E of 1.2x, EV/EBITDA 2022E of 9.7x, thus we are convinced the company current valuation is below its real intrinsic value.

We set our Buy recommendation and a Target Price at €16.1

Market Data

Industry	Medical Devices
Share Price (€)	13.0
Market Cap (€M)	70.6
Market Segment	Euronext Growth Milan
Bloomberg	SVS-IM

Ownership Structure

U. Perillo	43.8%
D. A. Perillo	6.3%
Cofi Italia	8.2%
Belforte Srl	5.5%
Agrinvest Srl	0.9%
Svas Biosana	2.5%
Market	32.9%

M€ (31/12)	2020	2021e	2022e	2023e
Sales	**76.0**	**81.1**	**87.0**	**92.3**
Growth	*3.4%*	*6.6%*	*7.3%*	*6.1%*
EBIT	**5.1**	**5.7**	**6.5**	**7.7**
EBIT Margin	*6.7%*	*7.0%*	*7.5%*	*8.4%*
Net Income	2.5	2.9	3.6	4.5
EPS €	0.63	0.71	0.64	0.80
EPS growth	*1.2%*	*13.7%*	*(10.7%)*	*26.0%*
DPS	0.00	0.00	0.00	0.00
Yield	*0.0%*	*0.0%*	*0.0%*	*0.0%*
FCF	**1.4**	**2.6**	**2.7**	**3.6**
ROIC	*6.4%*	*7.1%*	*7.9%*	*9.2%*
EV/Sales (x)		*1.1x*	*1.0x*	*0.9x*
EV/EBIT (x)		*15.3x*	*13.4x*	*11.3x*
PE (x)		*24.7x*	*19.8x*	*15.7x*
Net debt	**37.1**	**16.8**	**14.1**	**10.4**
Gearing net	*134%*	*33%*	*26%*	*18%*

Estimations Midcap Partners

Upcoming event : 14/04/2022 FY21

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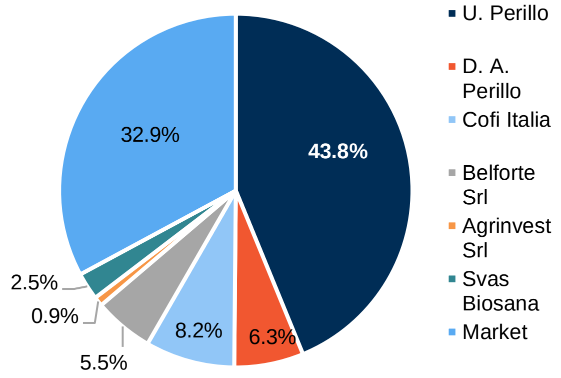
I. OVERVIEW

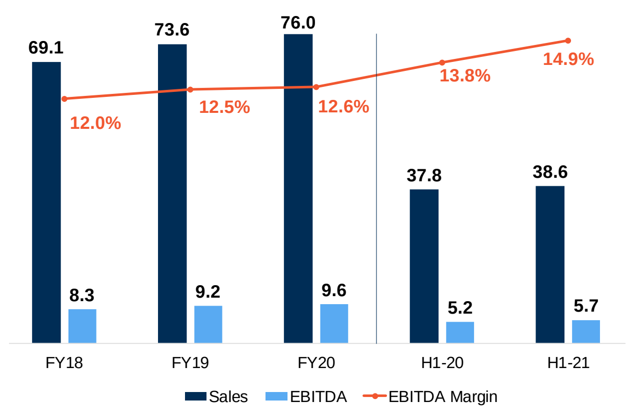
Description

Svas Biosana S.p.A. is an Italian company, leader in the production and distribution of medical devices. The Group, based in Somma Vesuviana (Naples, Italy) was established in 1972. They have a consolidated position in the Italian market and a strong presence abroad with four subsidiaries in the East Europe (Slovenia, Croatia, Serbia, Bosnia and Herzegovina). The group is mainly engaged in the production and marketing of incontinence devices, custom packs and other specialist medical devices served through the three divisions Farmex, Medical and Svas, while it is specialized in the distribution of medical devices for multinational companies in the Balkans through the division Mark Medical.

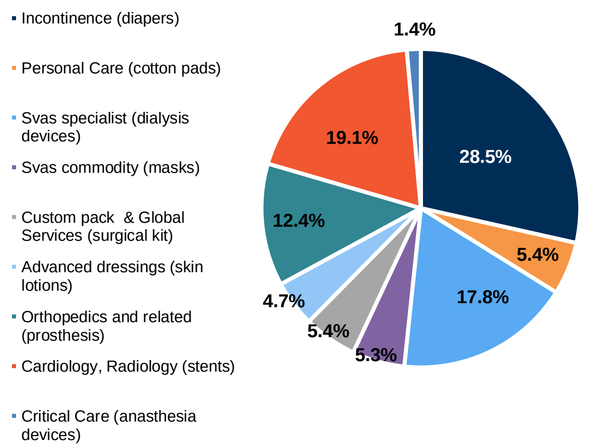
Shareholders structure



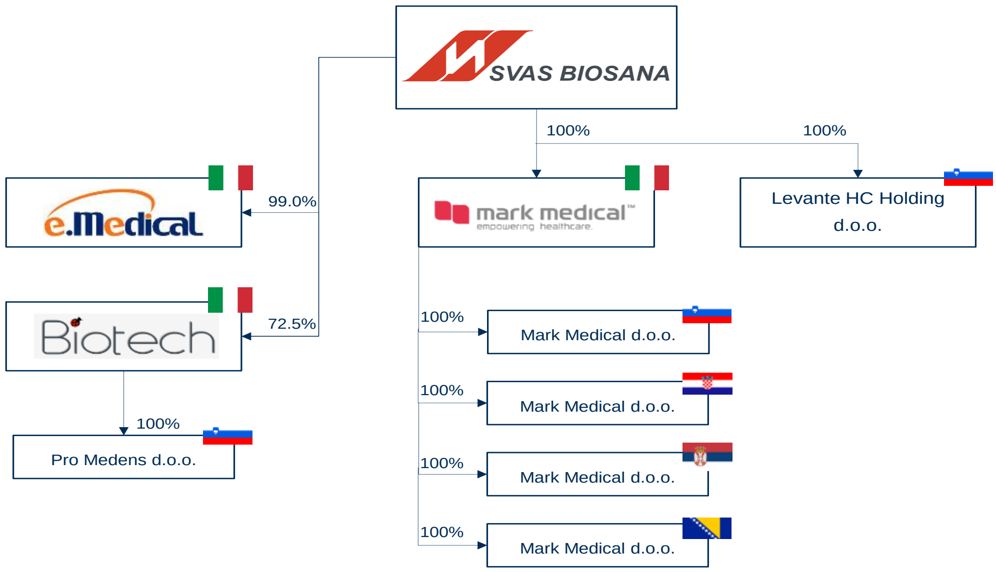
Sales and EBITDA evolution (2018-2021)



Breakdown of sales H1-21 by product



Group Structure



Sources : Company, Midcap

SWOT Analysis

Strengths

- Unique selling proposition;
- Highly customised service/product, tailor made on the doctors;
- Customer centric business model;
- Highly diversified portfolio, allowing to protect from crisis and always maintain good margins;
- Large range of products to meet increasing client needs and market trends;
- Longstanding relationship with top leading firms;
- Highly quality products guaranteed by constant R&D investments.
- Long term supply contracts guaranteeing visibility on future cash flows.

Weaknesses

- Limited size compared to market peers;
- Highly competitive market;
- High concentration of clients and suppliers;
- Revenues dependency from the National Health Care System (responsible of the healthcare expenditure in Italy).

Opportunities

- Expansion in markets similar to Italy (East Europe), replicating Mark Medical model;
- Enlarge portfolio products enhancing R&D;
- Enlarge commercial partnerships with existing and new leading firms for the distribution;
- Market device and disposable market growing trend, driven by aging population, more chronic diseases and higher healthcare expenditure.

Threats

- Medical legislation in constant modification;
- Covid-19 new wave;
- High level of quality and specialization to be maintained;
- Complex tenders requirements, taking years to be awarded.

Sources : Company, Midcap

II. Highly diversified portfolio

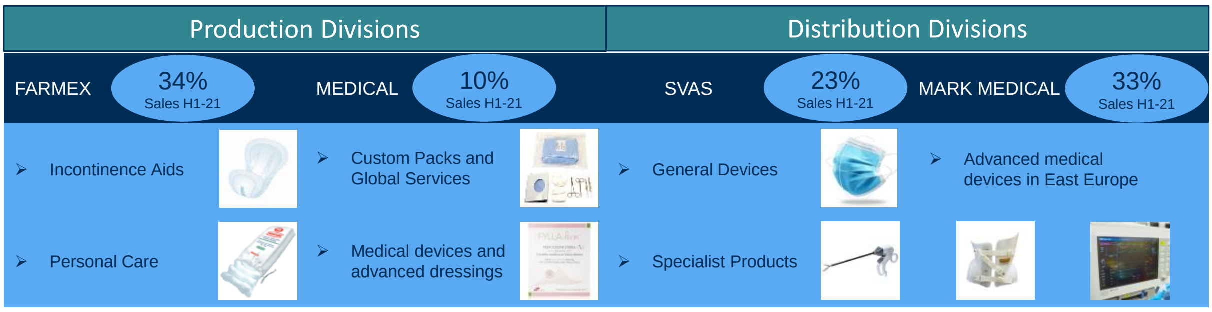
Svas Biosana Group (also “SVAS” or “the Group”) is leading player in the production and distribution of medical devices.

The group can count on a workforce of ca. 400 employees, 3 production plants (2 in Somma Vesuviana and 1 in Ottaviano) and a product range of more the 16,000 products.

Svas operates through 4 business divisions. **Farmex** and **Medical** represent the **industrial core business**, dedicated to the production and marketing of medical devices, whereas **Svas** and **Mark Medical** represent the **sales core**, dedicated to the distribution of medical devices in Italy (Svas) and in East Europe (Mark Medical).

It is worth highlighting that the **production activity**, carried out through Farmex and Medical, consists in in-house manufactured products, which are then sold in Italy by an internal network of salesmen. On the other hand, the **distribution activity**, carried out through SVAS and Mark Medical, consists in reselling activities of third parties’ products, which is managed through exclusive contracts.

SVAS Group business divisions are detailed below.



Sources : Company, Midcap

FARMEX (€13.2m or 34% of Sales H1-21): it is the BU specialized in the **production** and sale of (a) Incontinence aids and (b) personal care products. The two lines are designed and produced in two plants based in Somma Vesuviana.

(a) **Incontinence Aids** (84% of Farmex sales) includes 3 main product lines: diaper panties, rectangular diapers and absorbent mats (for beds and for animals).

(b) **Personal Care** (16% of Farmex sales) refers to cotton made products for the personal well-being, cure and beauty. It includes 3 main product lines: gauze dressings, cotton wool pads and sticks, patches & bandages.

Farmex products are mainly directed to supermarkets and other large-scale retailers.

Farmex Portfolio Products

Sources : Company, Midcap

MEDICAL (€3.9m or 10% of Sales H1-21): It is the BU specialized in the **production** and sale of (a) Custom packs and related services and (b) advanced medical devices and dressings. It is realized in the production plant of Ottaviano.

(a) Custom Packs and Global Services (83% of Medical Sales)

(1) Custom Packs refer to a system for assembling disposable devices designed for a specific surgical operation. Its layout and features depend on the surgical procedures and the specific requests of the doctor.

It is highly appreciated by doctors and health facilities thanks to: (i) reduced risk of contamination due to a perfect sterilisation, (ii) ease of procurement, (iii) higher traceability, (iv) efficiency in surgical operations and (v) simplified warehouse management.

We can distinguish the custom packs into: 1) **standard kit** (e.g. suture removal), with a range of generic elements (e.g. gloves, masks), with lower margin and 2) **specialist kit**, which is assembled with the doctor according to its needs, guaranteeing higher margins.

It worth mentioning that **70% of the production is made internally** and the remaining is outsourced to third parties, as well as other related services such as sterilization.

Medical products are mainly directed to the public sector.

(2) Global Services refer to a range of services related to the management of the surgical device**.** In particular, SVAS takes care of the its procurement, inventory management and logistics, as an outsourced service for the hospital. This way the latter is not oblige to be vertically integrated on this functions.

(b) Advanced medical devices and dressings (17% of Medical Sales)

(1) Drapes and pads refer to single-use fabric layers used for surgery, aimed at covering the patient or dispose the required surgical equipment. The pad is mostly made of plastique materials (e.g. TNT) which guarantee high transpiring and absorbent capacities.

As the kit, we can distinguish the pads into: **standard** and **specialist**. The latter is tailor made to doctor requests and is used as part of the custom pack.

The production is carried out 100% internally.

(2) Advanced Dressings refer to a wide range of special medical solutions, mostly addressed to skin care treatments (e.g. scars and skin lesions), both as lotions or as gauzes impregnated with chemical recipes.

SVAS internally produces the special dressings, among which for some of them it has obtained the patent ("Attiva"). The gauze are instead bought outside.

(3) Medical devices refer to several medical single-use devices used for suction liquids during surgical operations (e.g. suction cannulas) or for infusions.

Infusion consists in the administration of fluids or drugs directly into the bloodstream via a vascular access device (needle or catheter/cannula) inserted into a vein (source: cancer.gov)

Medical Portfolio Products

Sources : Company, Midcap

SVAS (€9.0m or 23% of Sales H1-21): It is the BU specialized in the **distribution** and sale of (a) General single-use devices (disposables) and (b) specialist products.

(a) **General single-use devices** (19% of SVAS Sales) include personal protective devices (e.g. FFP2 masks, gloves, antifog goggles), devices for anaesthesia and resuscitation (e.g. venous catheters), medical devices and furnishings for hospital departments with related technical assistance (e. g. diagnostic devices, monitors).

The mentioned furnishings supply and its related assistance have to be considered as an important advisory activity, carried out by highly qualified personnel, aimed at meeting all customer needs and generating loyalty.

(b) **Specialist products** (81% of SVAS Sales) include advanced products and devices for dialysis, haemostatic products, gynaecological device and devices for transferring dangerous drugs.

Dialysis is a procedure to remove waste products and excess fluid from blood when kidneys stop working properly (source: nhs.uk)

Haemostatic is a product retarding or stopping bleeding during a haemorrhage (source: dictionary.com)

Regarding the transfer of dangerous drugs, it is worth explaining that certain types of products such chemotherapeutic and antivirals represent a serious risk for the health operators. SVAS devices with proper filters, high sterilisation, and systems for pressure management, help minimising the risk.

SVAS is indeed the division responsible of **distributing** third parties' products **in Italy.** It liaises with leading companies (e.g. Baxter, Medicon) through concession contracts and with the **exclusive** rights to resell in Italy.

SVAS Portfolio Products

Sources : Company, Midcap

MARK MEDICAL (€12.8m or 33% of Sales H1-21): It is the BU specialized in the **distribution** and sale of advanced medical devices in East Europe (Slovenia, Croatia, Serbia and Bosnia Herzegovina) through the controlled subsidiaries Mark Medical. The portfolio of products mainly include devices for Cardiology, Radiology & Imaging, Cardio surgery, Orthopaedics and Arthroscopy.

Mark Medical has historically held long term relationships with market leaders operators such as Abbott, Zimmer Biomet, Edwards. The latter prefer rely on Mark Medical in the East European countries, mainly due to specific health regulations and criteria to operate. The group guarantees its strong engagement through a strong presence in this area made of ca. 90 employees.

Mark Medical Portfolio Products

Sources : Company, Midcap

III. Regulatory Framework

It is worth underlying that SVAS operates in a highly regulated market, in order to assure safety. It is extremely focus on monitoring regulations in order to be always compliant.

Main legislation the group has to comply with concerns **the certification and registration of medical devices ("MDR Regulations").**

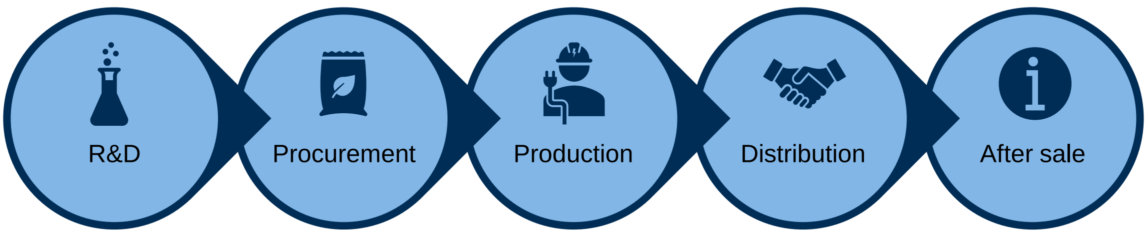
It consists in a regulation enacted in May-21 on the basis of a **EU directive**, aimed at assuring well-functioning of the market, protection of the clients and the operators, setting strong criteria of quality, traceability and safety.

It mainly provides:

- **A larger product application context** – The definition of medical device has been extended, now including cosmetic devices.
- **Identification of the responsible for compliance** – Producers and reseller companies have to identify, within their organization, a person in charge of monitoring and executing compliance requirements.
- **Unique device identification system** – Every product has to have a unique nomenclature in order to be easily traceable. Information and data of each product are registered in a EU database (EUDAMED).
- **Control of Local Authorities** – National authorities have to guarantee the respect of rules and criteria in their reference market, transmitting info to the European Commission.
- **Control of Notified Bodies** – The MDR regulation sets strict criteria for the notified bodies. The latter are national organizations or laboratories responsible of testing and validating all commercialized products.
- **Uniform and unique products features** – The European Commission has to publish set of common features for the products, in order to create a European standard.

IV. End to end value chain

SVAS has a well-integrated business model, which covers the entire value chain, from the R&D to the after sale. This way it can assure a full accountability of the process and guarantee quality to the market.



R&D

The value creation starts with the R&D (ca. 2% of operating costs). It represents a key activity for the group allowing to constantly improve its processes and products and enhance its competitive positioning on the market.

R&D is run in the labs of Ottaviano plant and it is realized by a highly specialized staff (e.g. PHDs in Microbiology and Chemistry) strictly in synergy with the production and commercial activities in order to get a perfect match with internal and market needs.

R&D is mainly oriented at experimenting and introducing new technics, new technologies in order to enhance the quality and innovation of products and processes. As evidence, the group already registered over 30 brands and 2 patents.

The main projects the group is willing to carry out concern: (i) development of new advanced dressing (e.g. gel solutions), (ii) development of custom packs and specialist devices, (iii) pain therapy devices and (iv) new solutions for incontinence aids.

Procurement

In the medical device market, raw materials play and important role, since they have to be properly certified. Therefore the group is particularly attentive to the choice of suppliers, as well as the quality of the materials. SVAS indeed liaises only with accredited suppliers, with whom it holds long standing relationships. This way the group assures quality and can also agree on lower prices.

In addition, the group has generally more than one supplier for each raw material, in order to mitigate the risk of concentration.

The main raw material for the group is the **fluff pulp**, required to the production of the absorbent layer of the diapers. The latter has the PEFC certification.

PEFC *is the world's leading forest certification system and an internationally recognised brand devoted to ensuring that forests are managed according to environmental, social and economic criteria. (source: PECF)*

Production

Production cycle is almost entirely managed internally, except the sterilization and transport activities.

This allows the group to monitor the process in every step and maximize the efficiency and quality. Production is realized in conjunction with the R&D and tailor made to client requests.

Distribution

SVAS boasts of a well-established commercial network, spread across Italy, Slovenia, Serbia, Croatia, and Bosnia Herzegovina. It comprises own employees (123 of which 64 direct salesmen) and specialized agents (62).

Production divisions, Farmex and Medical, distribute their **own products** mainly in Italy (99%).

SVAS and Mark Medical are indeed the divisions responsible of distributing **third parties' products** respectively in Italy and in the Balkan area. The latter operate through exclusive concessions agreed with leading medical devices companies (also "partners").

SVAS plays a key role for the partners, offering them a unique service, difficult to replace. Such that, once the concession contract has been signed, the partners are only concern about sending their products, then SVAS takes care of all the related administrative and commercial activities.

SVAS is also the one monitoring the regulatory activity in different countries (e.g. distribution permits, product registrations, local health legislation), managing the tenders. It is also providing clients a logistics support, taking care of product storage, constant technical support, and an aftersales service, in order to maximise penetration capacity, market coverage and contact with industry players.

It is worth noting that SVAS has a very specialized commercial network, where salesmen differ in terms of market served. **Specialization is a SVAS distinctive feature.** To better deal with doctors and highly qualified counterparties, salesmen have different skills and expertise depending on what product they have to sell and what channel they target. There are therefore salesmen addressing the hospitals rather than large-scale retailers or health institutions. Salesmen for cardiology devices rather than incontinence aids or personal care products.

After Sale

The value creation is further enriched by the after sale support to clients. It mainly consists in perpetual technical assistance, maintenance of installed devices and devices delivery. It also includes special trainings and seminars to teach doctors or patients how to use specific devices. Its proximity to the doctor and the final client, shows full dedication to the project and further confirms the unicity of the group.

V. A game of trust

SVAS business model strongly relies on the public sector, taking into account that ca. 72% of sales come from public entities.

It is worth then looking more into details how the public sector works and how SVAS can sell its products to public sector clients.

In Italy, the national healthcare system is mostly public and it is fully managed by the regions authorities. The latter receive their own budget for the health expenditure on the basis of the amount of the population and other specific factors (e.g. age of population). The regional budget is then distributed to the local health facilities. The doctors of the local facilities are the ones asking for the products and the devices. In order to obtain the required elements they ask the hospital to issue a call for a **tender**. The tender will already provide a budget and a set of requirements the participants have to meet.

The doctor will then test and decide the product/service that better suits its needs and functions, therefore playing a key role in the award of the tender.

SVAS is strongly focus on building doctor's loyalty, providing a tailormade service/product and showing a full commitment to the project. It always works for ensuring the best service, the best quality and safety. **This way SVAS is able to enhance its strong reputation and create a long standing relationship based on trust and professionalism.**

VI. A market destined to grow

GLOBAL MEDICAL DEVICE MARKET

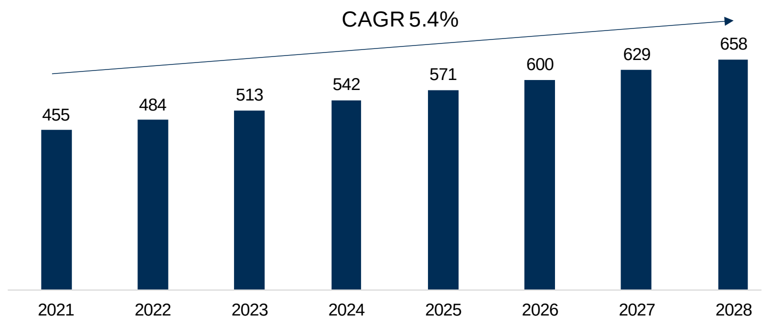
In 2020 Covid-19 strongly effected the Medical devices market on a global scale. According to a research carried out from Fortune Business Insight, the overall market witnessed a negative impact of -3.7% yoy in FY20. The rise in demand related to the segment of personal protective device, ventilators and general hospitals supplies, was offset by cancellations or deferrals of non-essential medical device. *(source: fortune business insight, medical devices-network)*

Unlike the general market trend, SVAS, whose core busines is the single-use medical device (disposable) reported a positive performance also during Covid-19, showing great resiliency. It indeed showed a growth in sales of 3.4% yoy in FY20, mainly driven by the division Medical (+36.6%), focused on custom packs (disposable assemblage) and Svas (+7.3%), mainly focused on personal protective devices and other single-use devices.

Despite a difficult 2020, the overall medical devices market displayed strong recovery since early 2021. (+19.2% in Q1-21). In line with the global trend, SVAS reported a growth of 2.2% in H1-21, continuing its positive evolution. *(source: medical device network)*

The market has quickly restabilized after Covid-19 outbreak and it expected to continue its pre-pandemic growth from 2021. It is indeed projected to reach USD 455bn at YE21 and to reach USD 658bn by the 2028 with a 5.4% CAGR (2021-2028). *(source: fortune business insight, medical device network)*

Medical Device Market Outlook (USDbn)



Source : Company, Fortune Business Insight, medical device network)

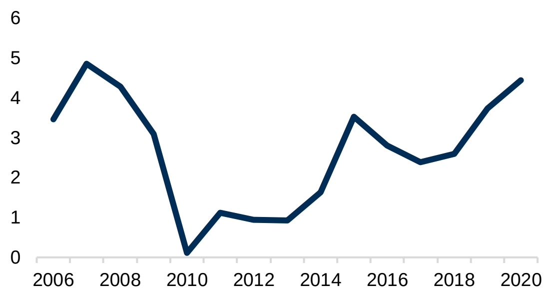
The significant estimated growth is mainly driven by 3 main factors:

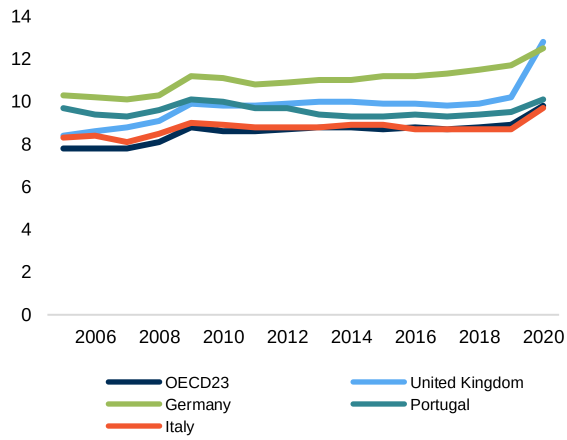
- The restabilized demand after the Covid-19 activity slowdowns along with the increased **health care per capita expenditure** (in developed and emerging countries);
- The growing number of **chronic diseases** such diabetes and cancer, mainly due to rise in **geriatric population**, and sedentary lifestyles;
- Greater resort to **preventive health care activities.**

Health expenditure

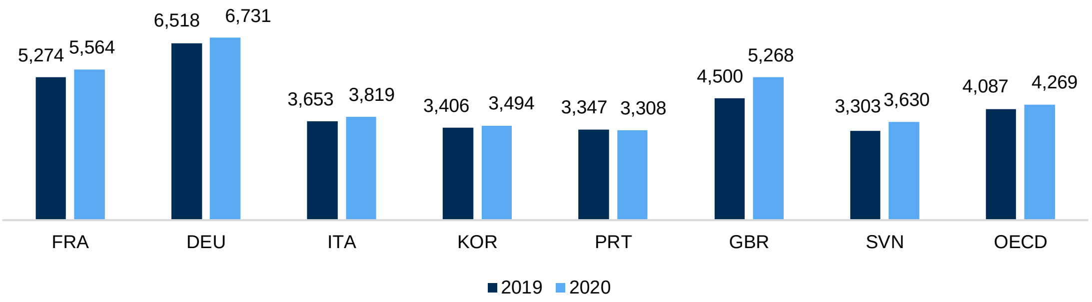
Health expenditure is showing a growing trend. The average expenditure per capita in the OECD countries reached over USD 4k in 2019 and ca. USD 4.3k per capita in 2020, implying a real growth rate of 4.4%. *(source: OECD – Health at a glance report 2021).*

Health expenditure as a % of GDP (right) per capita in USD k (down) and real growth (left)





Source : Company, OECD – Health at a glance report 2021

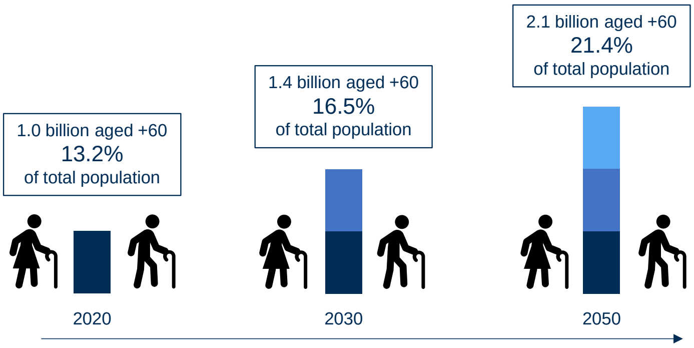


Source : Company, OECD – Health at a glance report 2021

Ageing population

Improved medical and health conditions nowadays are leading to a higher life expectancy and a related population ageing. According to the WHO (World Health Organization), the population over 60 years old will increase from 1.0bn peoples in 2020 to about 1.4bn in 2030 and it is estimated to double (2.1 bn) by 2050. In addition, 80+ years old people is expected to triple over 420m by 2050. *(source: WHO)*
In Italy, the percentage of people aged 65 and more is expected to reach ca. 36% of total population (60m), with an average life expectancy of 82.5 years old. *(source: epicentro.iss).*

60+ age population evolution



Source : Company, WHO, epicentro.iss, Undesa population division

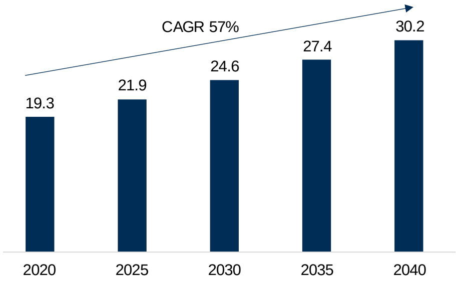
Chronic diseases

In parallel with the ageing population, we are experiencing an increase number of chronic diseases, such as diabetes and cancer.

A research of the American Cancer society evidenced that ca. 19.3 million of new cancer cases and almost 10 million cancer deaths occurred in 2020. The global cancer burden is expected to increase to 22 million cases by 2025 and to over 30 million in 2040, with over 50% increase. *(source: American Cancer Society, pubmed).*

According to the IDF Diabetes Atlas 2021, 537 million adults (20-79 years) live with diabetes worldwide (1 every 10), and they are expected to become over 640 by 2030 and over 780 by 2045. In the same year, diabetes caused almost 7 million deaths (1 every five). *(source: diabetes atlas)*

New cancer cases evolution (left) and diabetes finding 2021 (right)



Source : Company, American Cancer society, Pubmed, Statista, Diabetes atlas

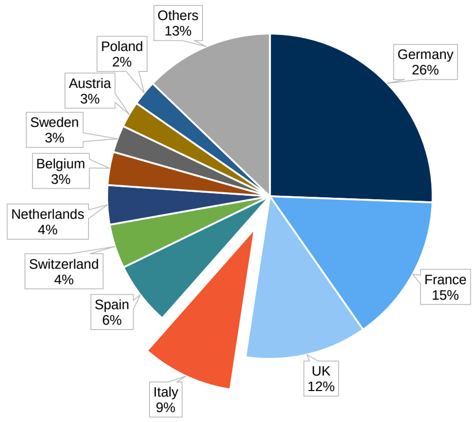
Regarding the geographical breakdown of the medical device market, in 2020, US and Europe, are the largest markets, accounting respectively for 41.6% and 27.6% of the world market. This two represent also the main supply market for SVAS. *(source: MedTech Europe)*

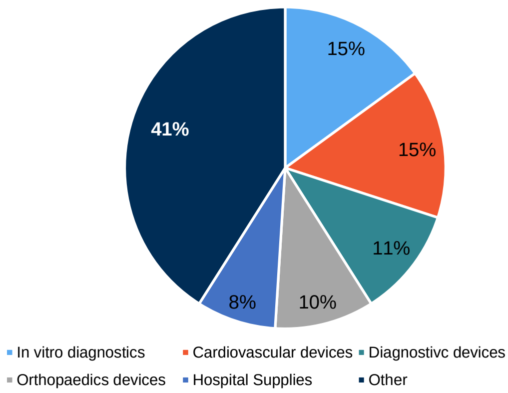
Germany represents the main European market, accounting for 25.6% of the total, followed by France and UK. Italy stands at the fourth place, with 9.1% of the total market size. *(source: MedTech Europe)*

In terms of market segmentation, the main classes of products are in vitro diagnostics (IVD), and cardiovascular devices. 5 classes represent ca. 59% of the total market, including diagnostic equipment (11%), orthopaedic devices (10%) and hospital supplies (8%). SVAS is present and specialized in all of them. (data 2018) *(source: Medical Devices Report 2020)*

In vitro diagnostics medical devices (IVDs) are non-invasive tests used on biological samples (for example blood, urine or tissues) to determine the status of a person's health. (source: MedTech Europe)

Medical device size by geography (left) and market segmentation (data 2018) (right)





Source : Company, MedTech Europe Medical Devices Report 2020

Medical Devices market in Italy

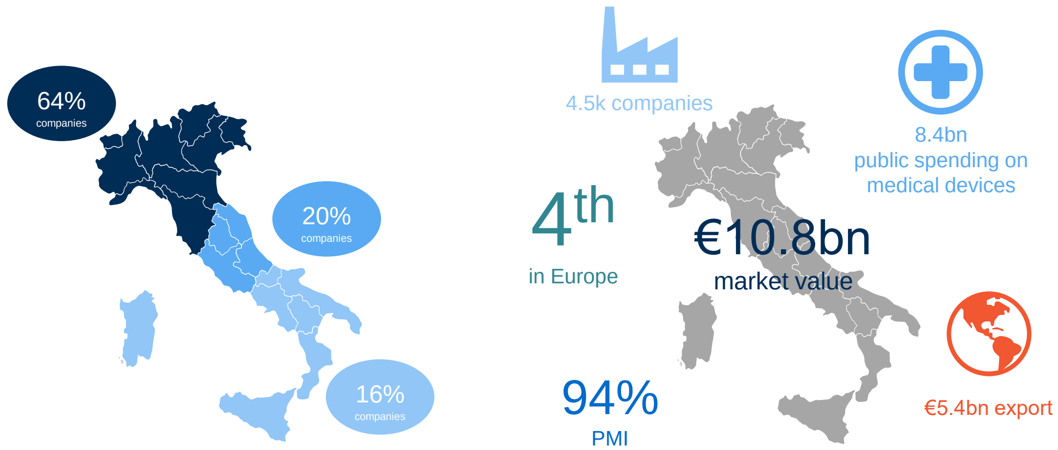
According to Confindustria report 2020, the Italian market of medical devices is the 4th in Europe, accounting for ca. 9% of the total and an estimated value of €10.8bn in 2020. If we add the export value of €5.4bn, the Italian market generates a total value €16.2bn.

This value is created by a network of 4.5k companies, which produce or distribute medical devices across the country. 94% of those are SMEs, the backbone of the Italian economy.

78% of the value is driven by the public health sector, whose total expenditure in medical devices stands at €8.4bn. It increased by 8.3% compared to 2019, also to tackle the pandemic emergency.

It is also worth analysing how the device manufactures are located in the Italian territory.
64% of the companies are concentrated in the north, 20% in the centre and 16% in south. Out of this 16% present in the south, only 3% are not SMEs, leaving to SVAS large room to grow and to enhance its leading positioning. *(source: Confindustriadm)*

Italian medical devices companies (left) 2020 market data (right)



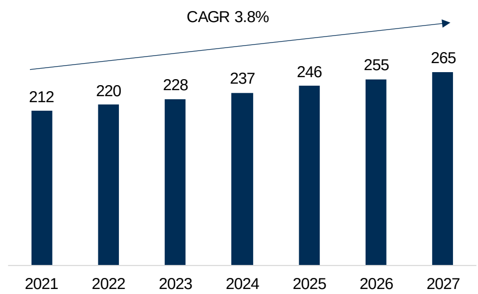
Source : Company, Confindustriadm

MEDICAL DISPOSABLE MARKET

As the overall medical device market, medical disposable market is benefiting from the growing aging population, the increasing incidence of medical conditions and the major resort to prevention and health insurance worldwide. According to a research carried out by iHealthcareAnalyst, the market is estimated at ca. USD 212bn in 2021 and it is expected to reach USD 265bn by 2027, growing at a 3.8% CAGR. *(source: iHealthcare analyst)*

A disposable device any medical device intended for one time or temporary use.
Medical and surgical device manufacturers worldwide produce a multitude of items that are intended for single use only to avoid transmission of infectious agents to subsequent patients.
Examples of disposable devices are baby and adult diapers, cotton swabs and pads, hypodermic needles, syringes, bandages, drug tests, face masks, medical gloves, suction catheters, and surgical sponges. (source: iHealthcare analyst, Medical design)

Global medical disposable products market evolution (USD bn)



Source : Company, iHealthcare analyst, Medical design

VII. Competitive positioning

SVAS enjoys an enviable competitive positioning in the Italian market. It is the player providing the largest range of product categories. It is the only player offering 3 core product categories (incontinence aids and cotton, custom packs and advanced devices) + the distribution. It is the only one capable of offering such a wide service still maintaining high margins. As evidence, EBITDA margin 2020 stood at 12.6%, significant higher then players average at 10.5%.

Business / Financial data peer comparison (up) and positioning matrix (down)

Distribution	Incontinence Aid & Cotton	Custom Packs	Intra-venous solutions		Revenues 2020	EBITDA margin 2020
✓		✓		SURGIKA	14	10.6%
✓		✓		DELTA MED	21	13.8%
		✓		betatex	22	22.8%
		✓		Med-Italia	26	3.9%
✓				COP AG SpA	64	12.3%
		✓		SANTEX	70	2.2%
✓	✓	✓	✓	SVAS BIOSANA	76	12.6%
	✓			silc	91	11.1%
✓				GADA	94	6.2%
✓		✓		NGC	96	3.3%
✓			✓	B BRAUN	142	7.4%
	✓			SERENITY	169	3.1%
✓		✓		abmedica	185	21.5%
	✓			FATER	866	15.8%

Source : Company, Midcap, Cerved

Source : Company, Midcap, Cerved

VIII. Long standing clients and suppliers

SVAS has a wide client base which we can distinguish between: (i) public sector clients and (ii) private sector clients. Clients from the public sector generated 72.1% of total group revenues in H1-21 (€28.1m), while 27.9% came from private sector clients (€10.9m).

Public sector clients mainly include:

- Public Hospitals and local health authorities (e.g. ASL, ASP);
- Hospitalization and care institutions (with agreement with the National Health System);
- Retirement houses.

Private sector clients mainly include:

- Hospitalization and care institutions (with and without agreement with the National Health System);
- Retirement houses;
- Pharmaceutical wholesalers and pharmacies;
- Hospital and healthcare retailers;
- Large-scale retailers (GDO).

It is worth noting that the client base is particularly concentrated. In 2021, ca. 41.9% of the group total revenues came from the first 10 clients. In particular, the first client accounts for more than 10% of total. Among them we mainly find local health authorities (ASL and ASP) and large-scale retailers (GDO).

The local health authority (ASL) is a local public body, technically regional, which is responsible for the financial and managerial organisation of health services in their reference area. It is the reflection of the national health system in the regions. (source: concorsi pubblici)

The provincial health authority (ASP) is the responsible institutional body in the provinces and cities. (source: psicologia.unisal)

The risk associated to the high client concentration is mitigated by the fact that SVAS has with all of them long standing relationships. Therefore, the chance of losing one of them is extremely low.

Client Concentration

Client Concentration	Country	Revenues H1-21 (€m)	%
Client 1	Italy	4.0	10.3%
Client 2	Italy	3.0	7.7%
Client 3	Italy	2.1	5.5%
Client 4	Italy	1.7	4.3%
Client 5	Abroad	1.6	4.1%
Client 6	Abroad	1.1	2.8%
Client 7	Italy	1.0	2.5%
Client 8	Italy	0.5	1.2%
Client 9	Abroad	0.9	2.4%
Client 10	Italy	0.4	1.1%
Others		22.6	58.1%
Total		**38.9**	**100.0%**

72% Public

28% Private

Source : Company, Midcap

Suppliers

As for suppliers, we can distinguish the classic supplier, who provides the company with the raw materials for production and the supplier of medical devices under concession, which SVAS properly resells.

Concerning the supplier of medical devices, SVAS has established longstanding relationship with world leading medical devices manufactures (e.g. Abbot, Zimmer Biomet, Edwards, Baxter). The latter provide

SVAS with their products supply, based on **exclusive concessions**. The group has then the **exclusive rights** to resell in Italy through the division SVAS and in East Europe through the division Mark Medical.

SVAS definitely plays an important role for the device manufactures, because this way they can have access to key markets, relying on SVAS well organized operating structure, avoiding risk of entering in a foreign market.

SVAS top ranked suppliers

Source : Company, Midcap

Considered as a whole, the supplier base is highly concentrated. At Jun-21, the first 10 suppliers represent 45% of the total group purchases, while the first supplier accounts for 7% of the total.

The high supplier concentration is fully mitigated by the long standing relationships and the key role of SVAS as distributer in unique markets (e.g. East Europe).

IX. Financials bode well

- **Improved top line on the back of Mark Medical division positive performance**
- **Cost base reduction led to increase in EBITDA margins to 14.9% (+106 bps yoy)**

Key financials evolution

€ - m	FY19	FY20	H1-20	H1-21
Net Sales	**73.6**	**76.0**	**37.8**	**38.6**
Growth	*6.4%*	*3.4%*	*n.a.*	*2.2%*
EBITDA	**9.2**	**9.6**	**5.2**	**5.7**
EBITDA Margin	*12.5%*	*12.6%*	*13.8%*	*14.9%*
Net Income	**2.5**	**2.5**	**1.6**	**2.0**
FCF	**2.4**	**1.4**	**3.4**	**1.2**
Capex	**3.8**	**1.9**	**1.1**	**1.3**
% Sales	*5.1%*	*2.5%*	*2.8%*	*3.2%*
NFP	**37.5**	**37.1**	**n.a.**	**35.9**
% Change	*294.8%*	*(1.2%)*	*n.a.*	*(3.1%)*
NFP/EBITDA*	**4.1x**	**3.9x**	**n.a.**	**3.6x**
Net Gearing	*164.5%*	*133.7%*	*n.a.*	*120.8%*

* NFP/EBITDA H1-21 was calculated taking account EBITDA LTM of €10.1m

Source : Company, Midcap

Net Sales increased by 2.2% to €38.6m (vs. €37.8m in H1-20), mainly driven by the performance in the Mark Medical division, attributable to the sales of advanced medical devices to be used for surgery procedures.

Results of BUs were split as follows:

€M*	FY20	%	H1-21	%
Farmex	26.2	34.0%	13.2	33.9%
Medical	10.2	13.2%	3.9	10.1%
Svas Biosana	17.5	22.7%	9.0	23.1%
Mark Medical	23.1	30.0%	12.8	32.9%

*Infragroup revenues are excluded

Source : Company, Midcap

Farmex: It is still the dominant division, guaranteeing a stable and comfortable revenues contribution. It reported revenues for €13.2m, accounting for 34% of total consolidated revenues in H1-21 (unchanged vs YE20). Stable performance both in the incontinence products and personal care ones.

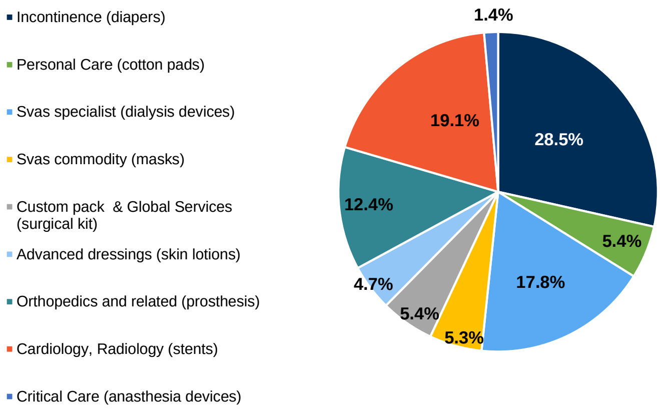
Medical: It poorly performed, generating revenues of €3.9m, lowering its incidence on total sales to 10.1% in H1-21 (vs. 13.3% at YE20). The weaker performance is mainly due to the custom pack and global service segment.

Svas: It reported revenues for €9m, increasing its contribution to the group, accounting for 23.1% of consolidates revenues in H1-21 (vs. 22.7% at YE20). Performance is mainly driven by the commodity products.

Mark Medical: It is the division showing higher growth, reporting revenues of €12.8m, accounting for 32.9% of consolidates revenues in H1-21 (vs. 30% at YE20). Performance is driven by the advanced medical devices to be used for surgery procedures, especially concerning Cardiology, Radiology and Imaging segments.

In terms of products contribution, Farmex **incontinence products** (e.g. diapers, absorbent crosspieces) are still predominant, accounting for 28.5% of total consolidated revenues in H1-21, followed by Mark Medical advanced devices for **cardiology, radiology and imaging** with 19.1% and **Svas specialist devices** (e.g. homeostatic devices, humidifiers) with 17.8%.

Sales H1-21 Breakdown by Product

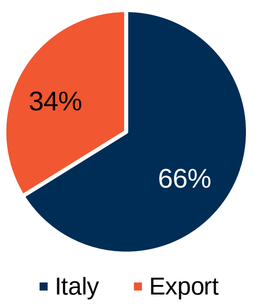


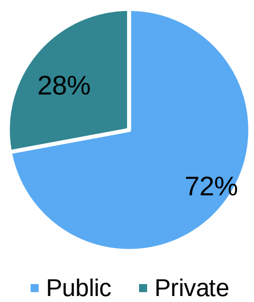
Source : Company, Midcap

Despite a slight trend towards foreign markets during H1-21, driven by Mark Medical excellent performance in the semester, Italy remained the main market, contributing for 66% of total consolidated revenues (vs. 69% in FY20).

Concerning the end client, the public sector is where the majority of revenues came from, representing 72% of total consolidated revenues.

Sales H1-21 Breakdown by Geography (left) and Client (right)





Source : Company, Midcap

In terms of operating costs, the group managed to reduce the proportionally reduce the overall cost base, mainly thanks to efficiency interventions and further synergies obtained increasing internal production.

In particular:

- **Cost of goods sold** (including costs and variation of raw materials) **slightly increased to €20.8m** (vs. €20.0m in H1-20), as effect of an intensification of the activity volumes and a surge in raw materials price, mainly plastic ones. Among them, TNT price (used for diapers, medical coats) went up +16% from Jan-21 until Feb-22).

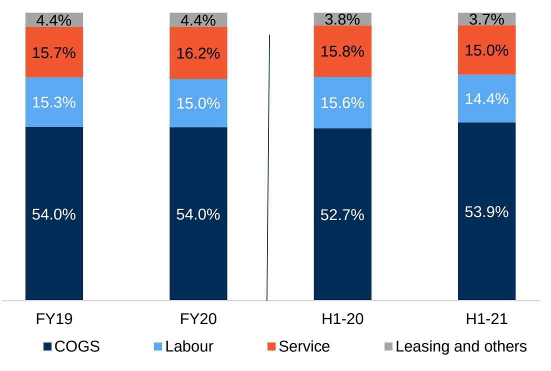
TNT (Non-woven fabric) is a fabric derived from a chemical process instead of a classic weaving process. It is realized combining plastic materials. It is a water repellent fabric, resistant to high temperatures and very soft. It is mainly used by SVAS for diapers and medical coats. (source: gedshop.it)

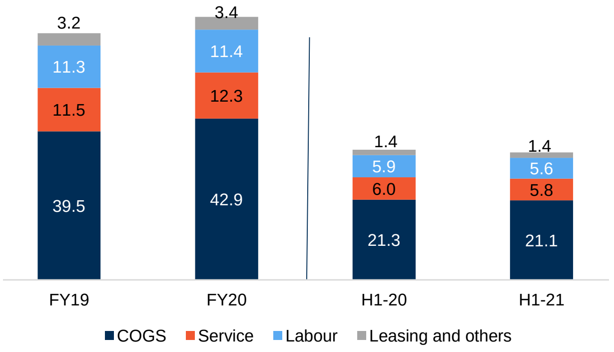
Unlike many players in the market who were deeply affected by the raw materials cost spike, Svas was only marginally affected. This is due to the fact that one of its main raw materials is the **fluff pulp** (or "North American pulp"), whose price trend did not vary considerably (+29% from March 2021 to April 2021, no further increase until now). In addition it only represents 7% of total raw material costs. The fluff is a specific type of pulp deriving from the American conifer, particularly soft and absorbent, used for the production of diapers.

- **Cost of services dropped to €5.8m** (vs. €6.0m in H1-20), mainly thanks to a lower resort to outsourced services and a reduced production of personal protection devices. Internalising some priorly outsourced activities (e.g. medical coats production). the group was able to fully offset the increase of energy price (+273% from Jan-21 to Jan-22) and lower the incidence of service cost to 15% (vs. 15.8% in H1-20).

- **Labour cost decreased to €5.6m (vs. €5.9m vs. H1-20),** mainly thanks to staff efficiency policies implemented during the period, which help reducing its incidence on sales to 14.4% (from 15.6% in H1-20).

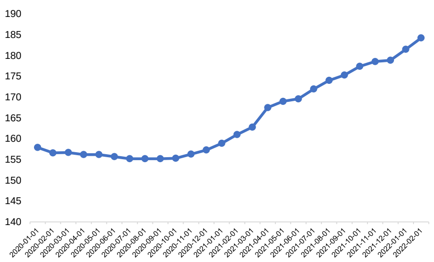
Cost structure evolution

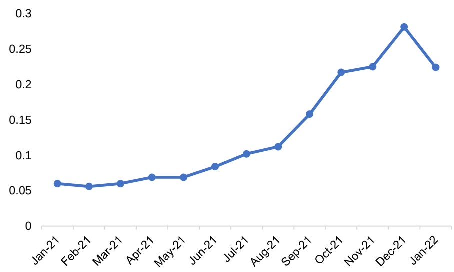




Source : Company, Midcap

TNT price evolution (left) and energy price evolution (right)

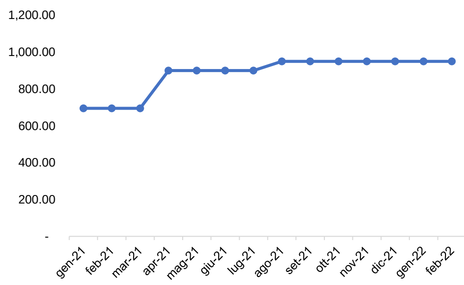




Source : Company, Midcap

Plastic materials price trend (left) and North American Pulp price evolution USD/ ton (right)

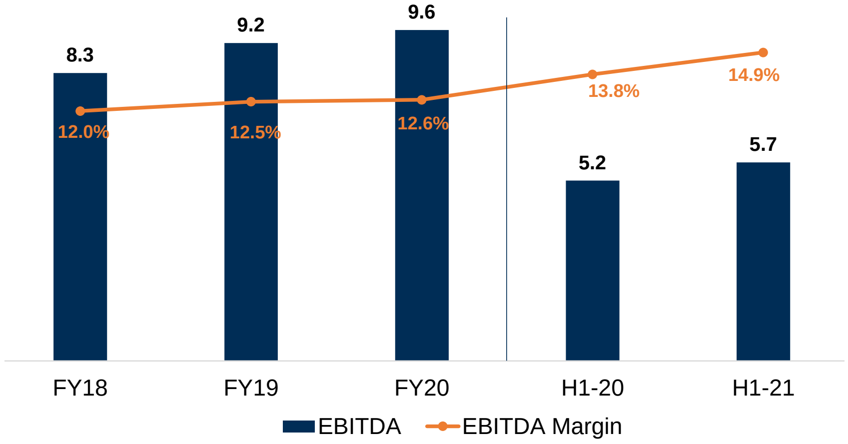
Polymer	Average Europe (€/t)	Delta Price May-20/Oct-21
PEBD	2115	+88.6%
PEHD	1772	+69%
PPH	1984	+61.7%
PVC-e	2164	+108%
PS GP	2383	+62%
PET	1365	+39.3%
PA 6 Naturel	3575	+60.7
PA 6.6 Naturel	6222	+41.8%



Source : Company, Midcap

As a result of an increase in activity volumes boosting top line, paired with a reduction of the overall cost base, the group delivered an improved EBITDA to €5.7m (vs. €4.4m in H1-20) and an EBITDA margin up to 14.9% (vs. 13.8% in H1-20).

EBITDA (€M) and EBITDA margin (%) evolution



Source : Company, Midcap

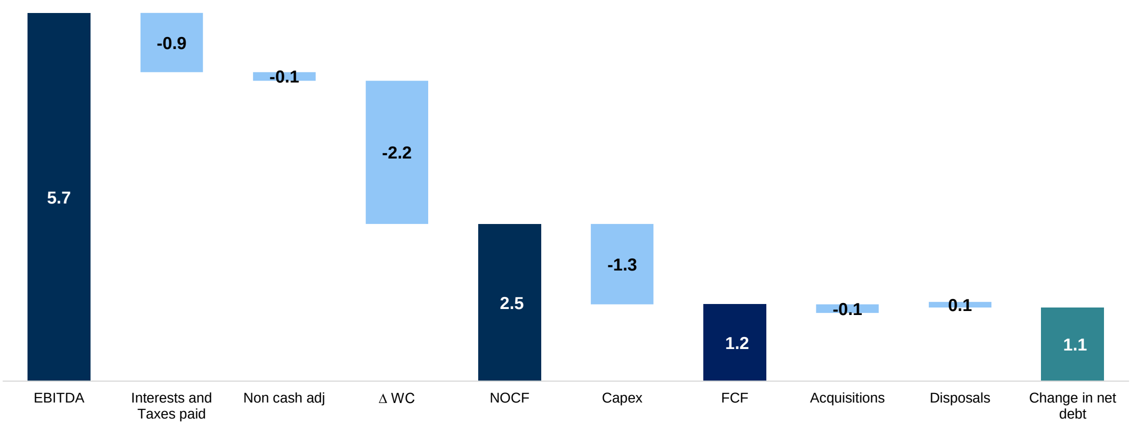
EBIT stood at €3.4m (vs. €2.9m in H1-20), on the back of an improved EBITDA and stable D&A (€2.3m, stable at 6% on sales) . EBIT margin consequently improved to 8.9% (vs. 7.8% in H1-20).

Net Income increased to €2.0m (vs. €1.6m in H1-20), thanks to the abovementioned higher EBITDA and following stable interest and tax burden respectively at €0.8m and €0.7m.

X. Strong cash generation

- **Cash generating profile confirmed in the H1-21**
- **Easy access to cash and bank lines to support future growth**

Change in Net Debt bridge (H1-21)



Source : Company, Midcap

SVAS confirmed its cash generative profile, further enhanced by the increase in business volumes and an improved EBITDA.

NOCF (Net Operating Cash Flow) stood at €2.5m (vs. €4.5m in H1-20), thanks to an improved performance at EBITDA level, only partly offset by a cash absorbing WC evolution (-€2.2m). Slightly negative WC dynamic was explained by the increase in business volumes which led mainly to (i) higher inventory (-€1.1m) also due to the need to eliminate the procurement risk and quickly deliver to clients and (ii) higher trade receivables (-€1.4m).

Operating cash flow was then mainly absorbed by:

- **Capex of €1.3m** (vs. €1.1m in H1-20), mainly attributable to investments in tangibles for ca. €1m. Main investments referred to (i) new machines aimed at strengthening Custom Pack (Medical) and Personal care (Farmex) business divisions and (ii) leases of a new building for assembly activities.

As a result of the above, the company was able to **reduce** its **net debt** by €1.1m **to €35.9m** (vs. €37.1m at YE20), leading to an **improved net leverage of** 3.6x (vs. 3.9x at YE20).

Gross debt stood at €50.1m (vs. €50.4m at YE20), it was split as follows:

- **Bonds for €14m**, referring to two Elite basket bonds, respectively of €10m and €5m maturing in 2027.

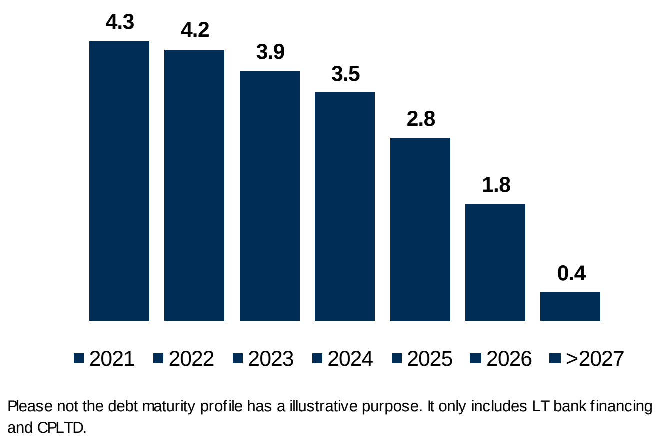
  Basket bonds are a financing formula, alternative to banks, which small and middle size companies use to finance their growth. Specifically, they are bonds underwritten by an SPV and purchased on the bond market by CDP (Cassa, Depositi e Prestiti), EIB and other institutional investors. (source CDP)

- **Bank Debt for €32m**, mainly referred to a €3m term loan, granted by Medio Credito Centrale, maturing in Jun-25 and €2.5m term loan granted by Deutsche Bank, maturing in Dec-25. Among the total bank financing, ca. €5m granted by Cassa Depositi e Prestiti Group are covered by SACE guarantee, in particular, €1m guaranteed loan granted by Credem, maturing in Mar-26 and a €1.5m guaranteed loan from BPM, maturing in Dec-26.

  SACE is the company of Cassa Depositi e Prestiti Group, specialising in supporting businesses and the national economy. During Covid, it is supporting the Italian banking system to facilitate companies' access to credit with its financial guarantees.

- **Other Debt for €4m**, mainly related to factoring and leases contracts.

Debt Maturity Profile H1-21



Source : Company, Midcap

Well spread debt maturity profile is giving comfort to company repayment capacity and an easy access to bank lines will allow the company to cover its short term needs and finance its medium long term growth.

XI. Road to expansion

SVAS has always invested in its continuous development, focusing on R&D, on the constant monitoring of process efficiency, and providing a dedicated service to the client. On the back of this values, the company is willing to enhance its growth path, setting strategic guidelines to grow both organically and through M&A.

It is worth reminding that the company was listed in the Milan Stock Exchange the 9th December 2021. With the IPO, it was able to obtain a capital increase of €20m, which will address to enhance its strategic plan.

Organic Growth:

SVAS wants to enhance its internal growth addressing investments in:

1) **R&D,** mainly oriented at experimenting and introducing new technics, new technologies in order to enhance the quality and innovation of products and processes. The main projects the group is willing to carry out concern: (i) development of new advanced dressing (e.g. gel solutions), (ii) development of custom packs and specialist devices, (iii) pain therapy devices and (iv) new solutions for incontinence aids;
2) **Efficiency improvements**, to obtain through specific interventions on the plants, increasing production capacity, still not at saturation (ca. 70% in 2020), and raise production levels;
3) **Client Base expansion,** to obtain hiring new specialized staff to strengthen the commercial network;
4) **Product range extension.** In line with a wider client base, the company expects to acquire new product lines to be even more competitive in the market.

The company intends to allocate for internal investments ca. 30% of IPO proceeds. This will allow to increase Capex on a regular basis. We estimated capex increase of 25% on the period 2022-2024, still with a stable incidence of 4% on sales.

External Growth:

SVAS has already consolidated a significant know-how on bolt-on acquisitions. It can boast of a successful track record of acquisitions from Galenica Senese in 1985 *(demerged in 2020 and attributed to D. A. Perillo for 92% stake, 8% stake to U. Perillo. Svas has no participation)*, until Mark Medical in 2015.
The company is indeed willing to continue its external growth, acquiring new companies, or establishing partnerships, aimed at creating important synergies. The latter can be translated as (i) an improved commercial network, with an expansion of client and product range, and (ii) reduced costs and better efficiency.

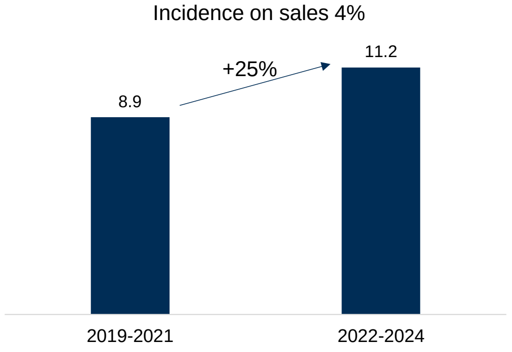
In particular, the group is willing to replicate Mark Medical business model elsewhere.
In this regard, it is monitoring markets in Europe where the culture is similar to the Italian one (e.g. France or East Europe countries), avoiding culture shock risks.
Interesting targets should meet certain criteria:

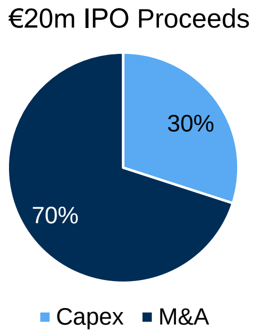
- Be **expert in the distribution of medical devices** in areas where SVAS is still not present, or **sell new products** that SVAS does not own in its portfolio (e.g. intensive care products);
- Have an already established **strong commercial structure**, which knows well their reference market and ready to operate.
- Have an **expert management**, independent.

The company intends to allocate for M&A ca. 70% of IPO proceeds.

Please note we have not considered potential acquisition in our estimates.

Capex plan 2021-2023





Source : Company, Midcap

XII. Estimates 2021-2025

Revenue growth: CAGR$_{2021\text{-}25}$ of 6.1%

SVAS already proved the solidity of its business model, outperforming the market during crisis and continuing its growth in H1-21. **Key success factor is the highly diversified portfolio**, which allows the company to always offset the poor performance of some product lines with others.
The company positive outlook can be further comforted by the encouraging scenarios estimated for the medical devices market and medical disposable markets. They show an average annual growth respectively of 5.4% and 3.8% (over the period 2021-2027), driven by several factors (e.g. increase health expenditure, ageing population and growing number of chronic diseases). Based on these assumptions, we believe in a significant growth potential in the medium term.

FARMEX - Keeping in mind the growth estimates on the medical disposable market (+3.8%), we expect the division to outperform the market and increase at a **CAGR 21-25 of 4.5%,** in light of the important investment in R&D aimed at always providing new innovative solutions to the clients. A this rate, we are expecting **sales to reach €32.9m in 2025** (vs. €26.2m in 2020).

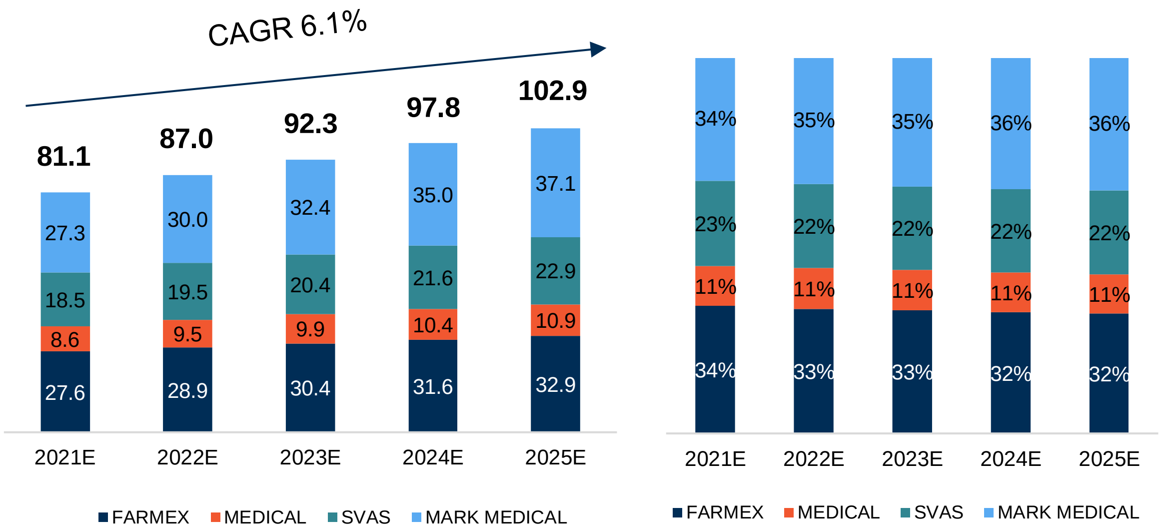
MEDICAL - After a little flexion expected in 2021, due to a reduced need of custom pack for surgical operations, we estimate an important rebound from the 2022 based on the medical device market outlook and the significant investments in R&D to improve the custom packs. Positive outlook is also sustained by the fact that the custom pack represent one of the core business of the company, internally produced and with high margins. We therefore expect the division to reach **revenues of €10.9m in 2025** (vs.€10.2m in 2020), **growing at 6% CAGR 21-25.**

SVAS - In line with the group strategic plan to enlarge the customer base and the portfolio range, developing new partnerships, and the growing trend of chronic diseases, we expect the division to reach **revenues of €22.9m in 2025** (vs. €17.5m in 2020**) at a 5.5% CAGR 21-25.**

MARK MEDICAL - In light of the planned significant investments in international expansion, we expect it to become the dominant division in terms of revenues contribution. Mark Medical gave already proof of the validity of its model in H1-21 and we believe the company will try to replicate this model elsewhere. The division can already count on long term partnerships with leading companies (Abbot, Edwards), which guarantee strong visibility of future cash flows. The partners can benefit of SVAS know how and consolidated network in foreign markets where would otherwise be difficult to enter (e.g. for language, culture, specific regulations). Based on its unique selling proposition, Mark Medical is expected to reach **revenues of €37.1m in 2025** (vs. €23.1m in 2020), **growing at 8% CAGR 21-25.**

As a result, we are therefore expecting total group revenues to increase to **€102.9m** (vs. €76.0m in FY20), at a **CAGR 21-25 of 6.1%.**

Revenue estimates 2021E-2025E (M€) (left) and BUs revenues incidence % (right)



Source : Company, Midcap

In a current context market by high price of energy and of raw materials we decided to remain prudent in terms of cost estimates.

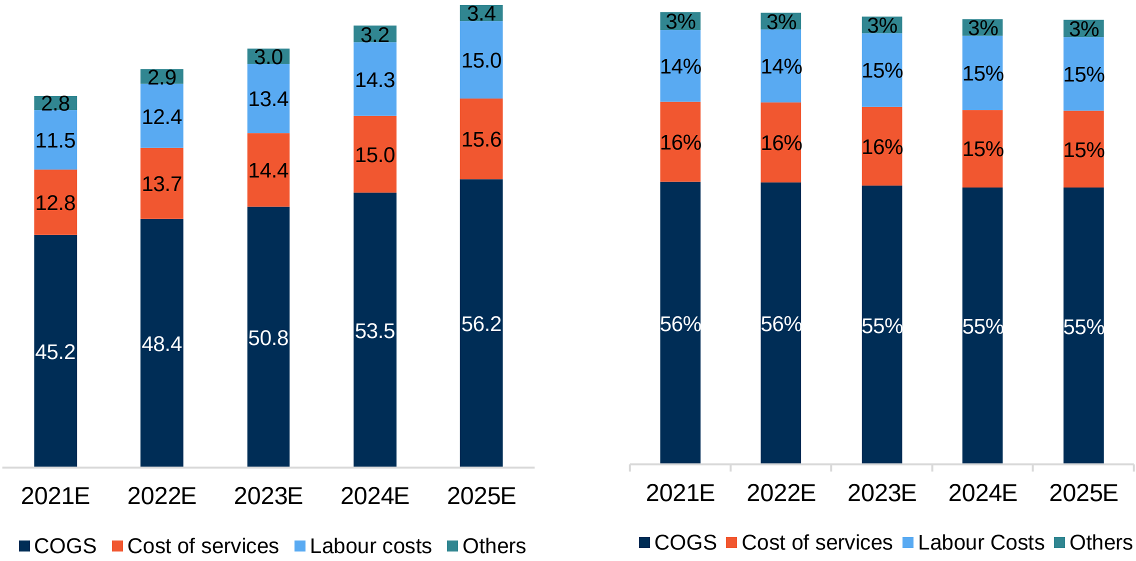
Even if SVAS resorts to a differentiated range of raw materials, with low concentration also on the strategic ones (fluff pulp 7% of total costs of raw materials, TNT 3%, cotton 3%), we believe that the spike in price (TNT +15% Feb 21-22, Cotton +59.1%) with continue at least for 2022, affecting costs incidence. We therefore estimated **COGS to increase their incidence to 55.8% in 2021 and remain stable also in 2022, and gradually reduce to 54.6% in 2025.**

Cost of service reported a decreasing trend in H1-21, lowering its incidence on total costs to 15% vs. (16.2% in FY20), thanks to lower production of protection devices and internalization of some activities (e.g. medical coats production). A that stage, these factors were able to offset the surge in energy price. The latter is further increased in the S2-21 and the T1-22 (+175% in S2-21, +26% in T1-22), we therefore believe its **incidence will jump to 15.8% from 2021 and remain stable in 2022. It will then gradually reduce to 15.2% in 2025.**

As cost of service, SVAS was able to reduce the incidence of labour costs to 14.4% in H1-21, thanks to staff efficiency policies (e.g. smart working). We believe it will be able to keep this trend for 2021 reaching an incidence on total costs of 14.2%. Since 2022, according to the strategic plan, SVAS is willing to strengthen its R&D, its commercial structure, and expand in new markets. This will require new specialized staff. We therefore estimated **labour costs to gradually increase its incidence to 14.3% in 2022 until 14.6% in 2025.**

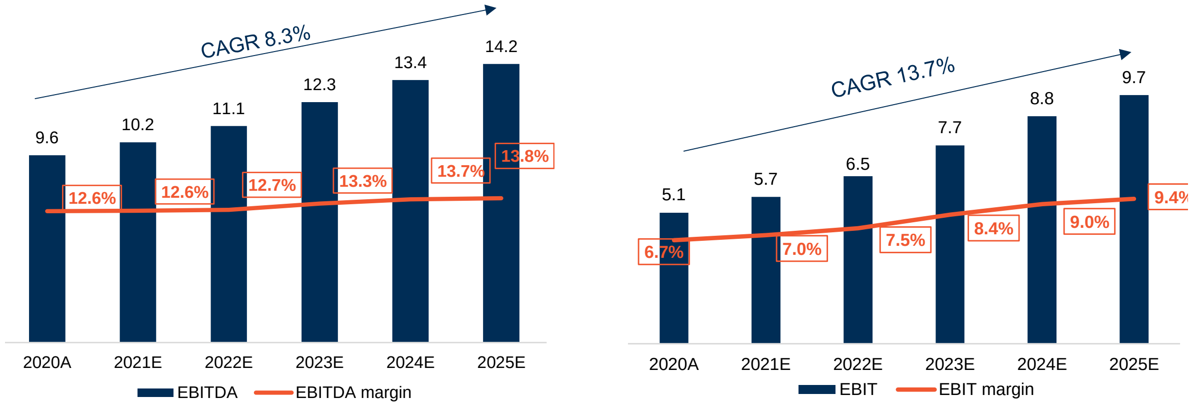
Other costs, we are expecting to reduce its incidence to 3.4% in 2021 and be constant at 3.3% over the 2022-2025 period, as effect of the significant efficiency investments planned by the company.

Costs estimates in M€ and incidence % on net sales between 2021E and 2025E.



Source : Company, Midcap

EBITDA and EBIT estimates between 2020A and 2025E.



Source : Company, Midcap

An effect of increasing volumes related to the desired expansion in products offered and markets together with efficiency investments will lead EBITDA to growth to €10.2m in 2021 (vs. €9.6m in 2020) to €14.2m in 2025 at 8.3% CAGR20-25. On the other hand, we decided to remain particularly cautious in our estimates given the uncertainties linked to the Russia/Ukraine war and energy and materials price trend. **As a result, EBITDA margin is estimated to remain stable at 12.6% in 2021 and 12.7% in 2022, still at solid level thanks to the Group high diversification. From 2023 it is expected to increase at faster pace until 13.8% in 2025.**

In line with an increase in EBITDA and a substantially stable D&A consistent with the Capex plan, we are expecting **EBIT to increase to €5.7m in FY21** (vs. €5.1m in 2020), and to reach €9.7m in 2025. Following substantially stable interest expenses and tax burden, we estimates **Net income to reach €2.9m in FY21** (vs. €2.5m in FY20) and to reach €6.0m in 2025.

Working Capital

SVAS working capital evolution is characterized by (i) **short collection time**, operating mostly with public entities (72% of revenues H1-21), (ii) **good inventory capacity** to deliver in time and full, and (iii) **long payment terms** thanks to long standing and trustworthy relationships with suppliers.
In addition, the EU Commission opened an infringement procedure against Italy for not having applied to the State payment terms, established by the EU directive 2011. They provided a payment term within 30 days and 60 days for the National Health Systems.

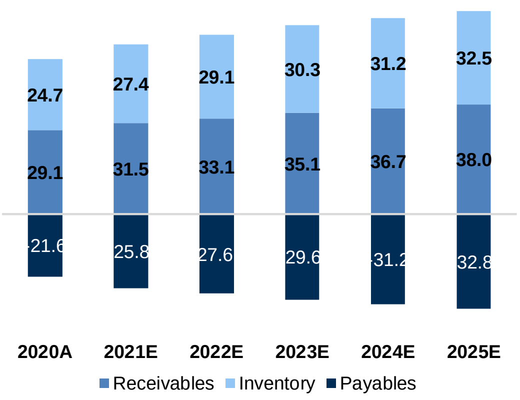
Based on these premises **with expect DSO to slightly increase to 140 days in 2021** as effect of volume increase in the period and be reduced under 140 days for the 5 years period until 133 days in 2025. *(source: EU Commission)*

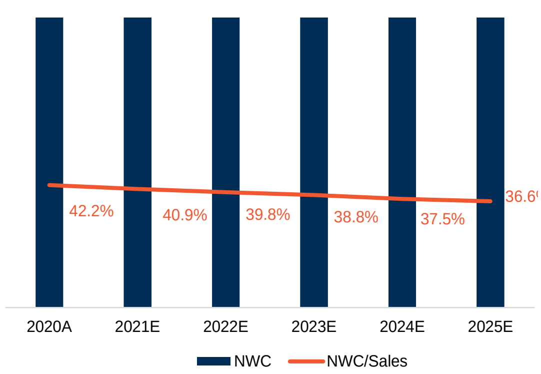
Concerning DIO we expect them to increase to 218 days in 2021 and 216 days in 2022 due to advance procurements in order to face the risk of increase of raw materials prices. They are expected to **gradually decrease until to 208 days in 2025**.

DPO are expected to increase to 205 days in 2021 and then be stable at 210 days until 2025. Long payment terms to reflect time dilations that SVAS can agree on with suppliers thanks to long standing relationships.

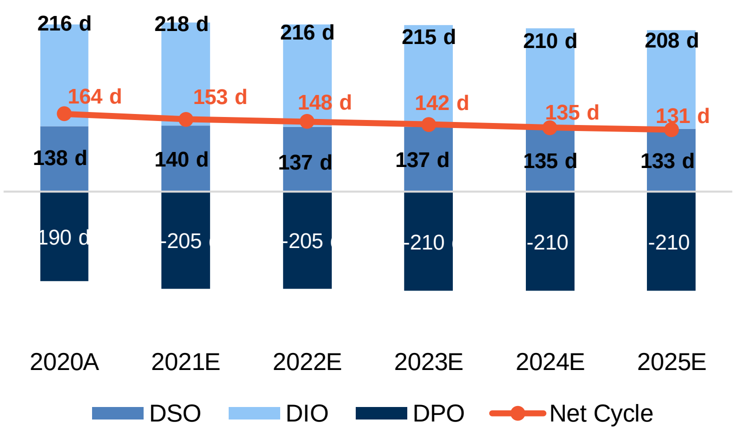
As a result **we expect net cycle to gradually reduce to 153 days in 2021 and reach 131 days in 2025 (from 164 days in 2020).**

Working capital estimates (M€)





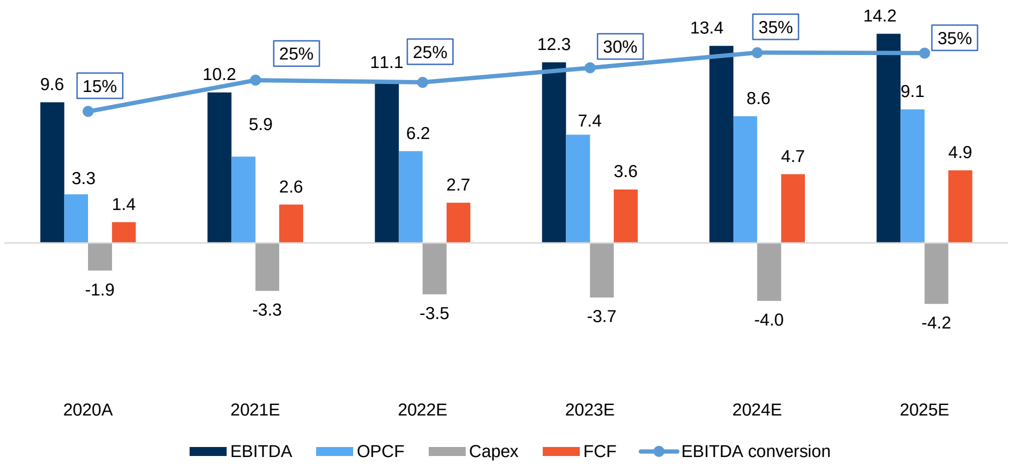
Source : Company, Midcap



Source : Company, Midcap

Expected positive operational performance, driven by planned expansion and introduction of new products, together with important achieved efficiencies, will lead to long term cash generation.
As a result, we expect **FCF to reach €4.9m in 2025 (vs. €1.4m in 2020), and a EBITDA conversion rate at 35% (vs. 15% in 2020).**

FCF and EBITDA conversion estimates (M€ - %)



Source : Company, Midcap

XIII. Valuation shows strong potential

Valuation methodology

We are initiating our coverage of SVAS with a **Buy rating and a target price of €16.1/share (24% upside potential)** using only a DCF method.

We believe the latter is the only method to really reflect the company intrinsic value, being the listed peers too different in size, in margins and in segments covered to be sufficiently comparable.

The company is currently trading at EV/Sales 2022E of 1.0x, EV/EBITDA 2022E of 7.9x, and at **our price target of €16.1, SVAS would trade at EV/Sales 2022E of 1.2x, EV/EBITDA 2022E of 9.7x,** thus we are convinced the company current valuation is below its real intrinsic value.

We therefore believe that SVAS's valuation is very attractive, and we set our **Buy recommendation.**

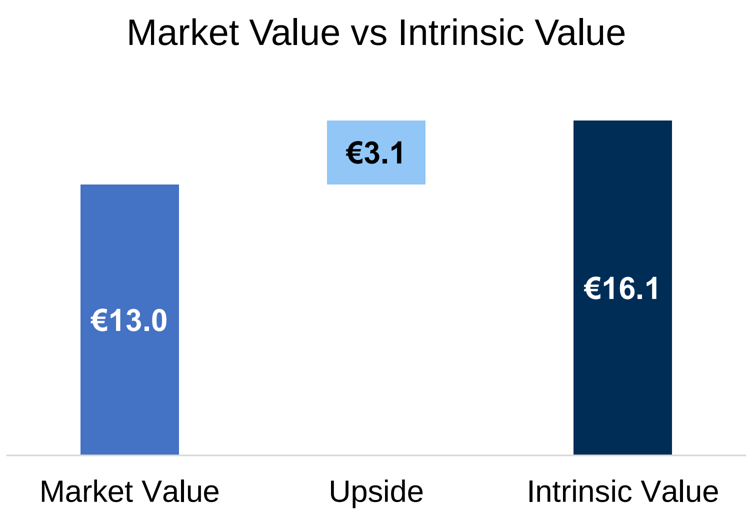
Valuation summary

Method	FV 2022E	Coefficient
DCF	16.1	100.0%
Target Price	**16.1**	
Upside	**24%**	

Implied multiples @target

	2022E	2023E	2024E	2025E
EV/Sales	1.2x	1.2x	1.1x	1.0x
EV/EBITDA	9.7x	8.7x	8.0x	7.5x
EV/EBIT	16.4x	13.9x	12.1x	11.1x
P/E	25.2x	20.0x	16.7x	15.0x

Source : Facset, Midcap



Source : Facset, Midcap

Discounted Cash-Flow methodology

For this approach, we make the following assumptions:

Normative flows

A normative EBITDA margin of 15% by 2030E

Stable capital expenditure (Capex) at 3.7% of sales

Stable WC at 35.5% by 2030E

Modelling of corporate income tax in line with the Italian rate of 27.9%.

Discount rate

- A risk-free rate of 2.3% (BTP 10 years)
- A market risk premium of 8%
- A re-levered beta of 0.74x including 81% equity financing
- A size, liquidity, and specific risk premium of 1.5%
- A cost of debt of 3.06%.
- A long-term growth rate of 1.5%.
- A WACC of 8.5%.

Discounted Cash Flow : Flows table

FY ending in Dec (€-M)		2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales		**87.0**	**92.3**	**97.8**	**102.9**	**107.5**	**111.7**	**115.4**	**118.8**	**121.7**
	% var	*7.3%*	*6.1%*	*6.0%*	*5.2%*	*4.5%*	*3.9%*	*3.3%*	*2.9%*	*2.5%*
EBITDA		11.1	12.3	13.4	14.2	15.6	16.8	17.3	17.8	18.3
	% var	*8.0%*	*11.0%*	*9.2%*	*6.1%*	*9.4%*	*7.5%*	*3.3%*	*2.9%*	*2.5%*
	% Sales	*12.7%*	*13.3%*	*13.7%*	*13.8%*	*14.5%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
D&A		(4.6)	(4.6)	(4.6)	(4.6)	(4.5)	(4.3)	(4.3)	(4.5)	(4.6)
	% Sales	*(5.2%)*	*(5.0%)*	*(4.7%)*	*(4.5%)*	*(4.2%)*	*(3.9%)*	*(3.8%)*	*(3.8%)*	*(3.8%)*
EBIT		6.5	7.7	8.8	9.7	11.1	12.5	13.0	13.4	13.7
	% Sales	*7.5%*	*8.4%*	*9.0%*	*9.4%*	*10.4%*	*11.2%*	*11.3%*	*11.3%*	*11.3%*
Taxes		(1.5)	(1.8)	(2.0)	(2.2)	(3.1)	(3.5)	(3.6)	(3.7)	(3.8)
	Taxes rate	*22.9%*	*22.9%*	*22.9%*	*22.9%*	*27.9%*	*27.9%*	*27.9%*	*27.9%*	*27.9%*
D&A		(4.6)	(4.6)	(4.6)	(4.6)	(4.5)	(4.3)	(4.3)	(4.5)	(4.6)
CAPEX		(3.5)	(3.7)	(4.0)	(4.2)	(4.0)	(4.1)	(4.3)	(4.4)	(4.5)
	% Sales	*(4.0%)*	*(4.0%)*	*(4.0%)*	*(4.0%)*	*(3.7%)*	*(3.7%)*	*(3.7%)*	*(3.7%)*	*(3.7%)*
WC		34.4	35.7	36.5	37.6	38.2	39.6	41.0	42.2	43.2
	var.	*4.3%*	*3.6%*	*2.4%*	*2.8%*	*1.6%*	*3.9%*	*3.3%*	*2.9%*	*2.5%*
	% Sales	*39.6%*	*38.7%*	*37.4%*	*36.5%*	*35.5%*	*35.5%*	*35.5%*	*35.5%*	*35.5%*
∆ WC		1.4	1.2	0.9	1.0	0.6	1.5	1.3	1.2	1.1
	% Sales	*1.6%*	*1.3%*	*0.9%*	*1.0%*	*0.6%*	*1.3%*	*1.2%*	*1.0%*	*0.9%*
FCF		**4.7**	**5.6**	**6.6**	**6.9**	**7.9**	**7.7**	**8.1**	**8.5**	**8.9**
Discounted FCF		**4.4**	**4.9**	**5.3**	**5.1**	**5.4**	**4.8**	**4.7**	**4.5**	**4.4**

Source : Company, Midcap

Discounted Cash Flow

Sum of discounted FCF	43.5
Discounted TV	63.4
Enterprise Value	**106.9**
Net Debt	16.8
Provisions	0.1
Minoritaires	0.0
Equity Value	**90.0**
Diluted NoSHm	5.6
Valuation/Share	**16.1**
Potential upside (downside)	*24%*

Source : Company, Midcap

Sensitivity Analysis – Equity Value (€)

		WACC				
		7.5%	8.0%	**8.51%**	9.0%	9.5%
TGR	1.0%	18.22	16.63	15.25	14.05	12.99
	1.3%	18.78	17.09	15.64	14.38	13.27
	1.5%	19.38	17.59	**16.1**	14.73	13.57
	1.8%	20.04	18.13	16.51	15.11	13.89
	2.3%	21.54	19.35	17.51	15.94	14.59

Source : Company, Midcap

According to the DCF method, **the enterprise value (EV) amounts to €107m** and an **equity value of €90, or 16.1€ per share (5.6m diluted NoSHm).**

Market peers

We analysed the market players and noticed that the closest SVAS peers are not publicly listed. We then selected a group peers, on the basis of several parameters (Mark value, EBITDA margins, Net leverage) but they strongly differed in terms of size, volumes and financial parameters. We deemed they were not suitable for reflecting the real intrinsic value of the company. We therefore decided to display a list of companies just as indicative purpose, without taking into account for our valuation.

Listed Peers

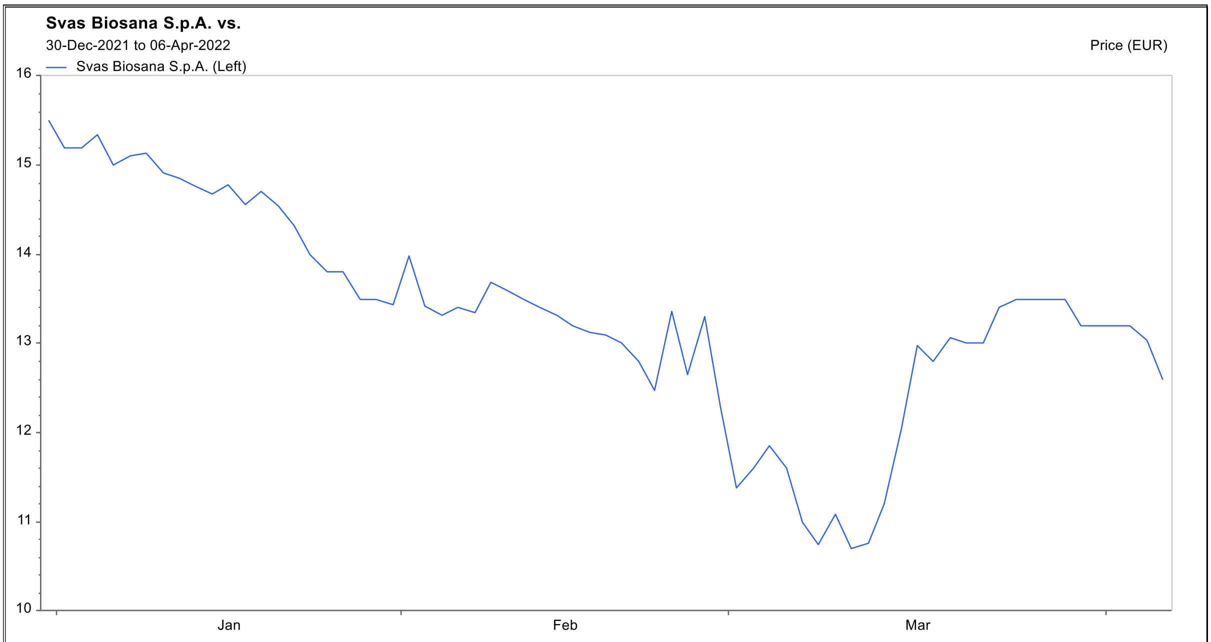
Company Name	Country	Market Value				EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		Equity	EV	EBITDA Margin	Net Debt/EBITDA	Dec-21	Dec-22	Dec-23	Dec-21	Dec-22	Dec-23	Dec-21	Dec-22	Dec-23	Dec-21	Dec-22	Dec-23
ITALY																	
Bastide	France	282	632	19.8%	3.7x	1.52x	n.a.	n.a.	7.56x	n.a.	n.a.	18.55x	n.a.	n.a.	15.47x	14.33x	12.33x
AmerisourceBergen	US	30,288	33,987	1.5%	1.3x	0.14x	0.16x	0.15x	10.11x	10.61x	10.11x	11.52x	11.96x	11.23x	14.82x	14.82x	13.81x
Cardinal Health	US	14,567	16,960	1.6%	1.1x	0.12x	0.11x	0.10x	8.22x	7.86x	7.12x	8.91x	9.28x	8.59x	11.04x	11.04x	9.92x
Medtronic Plc	US	137,256	150,735	27.3%	1.9x	5.20x	5.20x	5.00x	16.65x	16.65x	16.38x	18.40x	18.40x	17.95x	19.87x	19.87x	19.35x
Siemens Healthineers	DE	63,145	76,257	21.2%	3.4x	4.17x	3.71x	3.54x	20.16x	17.60x	16.22x	31.20x	22.45x	20.18x	24.90x	24.90x	22.84x
Stryker	US	92,769	102,589	27.2%	2.0x	6.55x	6.20x	5.79x	23.37x	22.31x	20.24x	25.59x	24.28x	21.93x	27.68x	27.68x	24.73x
Boston Scientific	US	58,248	65,054	25.4%	2.3x	5.75x	5.59x	5.21x	20.23x	19.13x	17.37x	22.69x	21.35x	19.30x	25.35x	25.35x	22.36x
Smith & Nephew	GB	12,802	14,663	25.8%	1.5x	3.36x	2.98x	2.83x	13.14x	11.55x	10.78x	22.94x	19.21x	16.25x	18.39x	18.39x	15.97x
Terumo Corporation	JP	21,421	21,707	24.7%	0.6x	4.10x	4.10x	3.97x	16.18x	16.18x	15.37x	23.68x	23.68x	22.21x	31.59x	31.59x	28.55x
Olympus Corp	JP	23,227	23,901	22.6%	1.3x	3.62x	3.62x	3.49x	15.11x	15.11x	13.18x	21.85x	21.85x	18.34x	28.63x	28.63x	24.64x
Fresenius	DE	18,520	53,053	16.9%	3.9x	1.45x	1.34x	1.27x	7.94x	7.43x	6.83x	12.81x	12.01x	10.66x	9.58x	9.58x	8.58x
		Average				3.27x	3.30x	3.14x	14.4x	14.4x	13.4x	19.8x	18.4x	16.7x	20.7x	20.6x	18.5x
SVAS		71	87	12.6%	1.6x	1.08x (67.0%)	1.01x (69.5%)	0.95x (69.8%)	8.5x (40.8%)	7.9x (45.3%)	7.1x (46.7%)	15.3x (22.7%)	13.4x (27.2%)	11.3x (31.9%)	24.7x 19.5%	19.8x (3.9%)	15.7x (15.1%)

Source : Factset, Midcap

XIV. Share Price e Warrants

At the time of the IPO, 920,000 warrants were issued with three exercise periods and strike prices. Exercise period I is from July 1 to July 29 2022, with a strike price fixed at the IPO price (€12.5) +15%, namely €14.375.
Exercise period II is from July 1 to July 31 2024, with a strike price fixed at the IPO price +30%, namely €16.25.
Exercise period II is from July 1 to July 31 2024, with a strike price fixed at the IPO price +60%, namely €20.0.
The regulations provide that 1 warrant can be converted into 1 new SVAS share. Therefore, 920,000 new shares could be issued, which would potentially raise €13,225,000.

Warrants 2021-2024	
Isin	IT0005469157
1 warrant = 1 new share	
Exercise period I	29/07/2022
Exercise period II	31/07/2023
Exercise period III	31/07/2024
Strike Price period I (IPO+15%)	€ 14.38
Strike Price period II (IPO+30%)	€ 16.25
Strike Price period III (IPO+60%)	€ 20.00
# warrants	920,000
Conversion Factor	1
# Shares	5,600,000
Potential New Shares	920,000
Potential New Capital	€ 13,225,000
Final # Shares	6,520,000



Source: FactSet Prices

XV. Financials (1/2)

Income Statement (€M)	2018	2019	2020	2021e	2022e	2023e	2024e	2025e
Sales	**69.1**	**73.6**	**76.0**	**81.1**	**87.0**	**92.3**	**97.8**	**102.9**
Growth	*n.a*	*6.4%*	*3.4%*	*6.6%*	*7.3%*	*6.1%*	*6.0%*	*5.2%*
Other revenues	0.9	0.8	1.2	0.8	1.0	1.0	1.0	1.0
Change in WIP	(0.4)	0.6	0.4	0.7	0.6	0.6	0.6	0.6
VoP	**69.6**	**75.0**	**77.7**	**82.6**	**88.6**	**93.9**	**99.4**	**104.5**
Change in raw materials	*1.7*	(0.2)	1.8	0.6	0.7	0.7	0.8	0.8
Raw Materials	(38.1)	(39.5)	(42.9)	(45.9)	(49.1)	(51.5)	(54.3)	(57.0)
Labour costs	(11.0)	(11.3)	(11.4)	(11.5)	(12.4)	(13.4)	(14.3)	(15.0)
Cost of Services	(10.8)	(11.5)	(12.3)	(12.8)	(13.7)	(14.4)	(15.0)	(15.6)
Other costs	(3.1)	(3.2)	(3.4)	(2.8)	(2.9)	(3.0)	(3.2)	(3.4)
EBITDA	**8.3**	**9.2**	**9.6**	**10.2**	**11.1**	**12.3**	**13.4**	**14.2**
% of Sales	*12.0%*	*12.5%*	*12.6%*	*12.6%*	*12.7%*	*13.3%*	*13.7%*	*13.8%*
Net depreciation, amortization and provisions	(3.8)	(4.0)	(4.5)	(4.5)	(4.6)	(4.6)	(4.6)	(4.6)
EBIT	**4.5**	**5.2**	**5.1**	**5.7**	**6.5**	**7.7**	**8.8**	**9.7**
% of Sales	*6.5%*	*7.0%*	*6.7%*	*7.0%*	*7.5%*	*8.4%*	*9.0%*	*9.4%*
Net financial result	(1.8)	(2.0)	(1.9)	(2.0)	(1.9)	(1.9)	(1.9)	(1.9)
Non-recurring income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax	(0.8)	(0.7)	(0.7)	(0.8)	(1.1)	(1.3)	(1.6)	(1.8)
Corporation tax rate	*29%*	*23%*	*22%*	*23%*	*23%*	*23%*	*23%*	*23%*
Minority	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Net income	**1.9**	**2.5**	**2.5**	**2.9**	**3.6**	**4.5**	**5.4**	**6.0**

Balance Sheet (€M)	2018	2019	2020	2021e	2022e	2023e	2024e	2025e
Tangible and intangible assets	32.7	33.8	35.0	34.2	33.6	33.3	33.1	33.2
Other non-current assets	3.2	3.3	2.5	2.5	2.5	2.5	2.5	2.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets	56.4	59.9	64.1	69.2	72.5	75.7	78.2	80.8
Cash	2.8	2.9	6.6	28.8	31.5	35.2	39.8	44.8
Assets	**95.1**	**99.9**	**108.1**	**134.7**	**140.1**	**146.6**	**153.6**	**161.1**
Shareholders equity group	22.4	22.8	27.7	50.6	54.2	58.6	64.0	70.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for liabilities and charges	1.9	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Financial debt	43.0	47.1	50.4	50.1	50.1	50.1	50.1	50.1
Current liabilities	27.7	28.0	27.8	31.9	33.8	35.8	37.4	38.9
Liabilities	**95.1**	**99.9**	**108.1**	**134.7**	**140.1**	**146.6**	**153.6**	**161.1**

Cash flow statement (€M)	2018	2019	2020	2021e	2022e	2023e	2024e	2025e
Operating cash flow	7.5	7.9	8.8	9.1	9.8	10.7	11.6	12.2
Interests Paid	(1.8)	(0.9)	(1.9)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)
∆WCR	(2.6)	(0.8)	(3.6)	(1.0)	(1.4)	(1.2)	(0.9)	(1.0)
Cash flow generated by the activity	**3.2**	**6.2**	**3.3**	**5.9**	**6.2**	**7.4**	**8.6**	**9.1**
Net capex	(3.1)	(3.8)	(1.9)	(3.3)	(3.5)	(3.7)	(4.0)	(4.2)
FCF	**0.1**	**2.4**	**1.4**	**2.6**	**2.7**	**3.6**	**4.7**	**4.9**
Disposal of tangible and intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	(0.1)	(3.0)	(0.7)	0.0	0.0	0.0	0.0	0.0
Others	(0.6)	0.4	(0.0)	0.0	0.0	0.0	0.0	0.0
Cash flow from investing oper.	**(3.7)**	**(6.3)**	**(2.6)**	**(3.3)**	**(3.5)**	**(3.7)**	**(4.0)**	**(4.2)**
Change in borrowings	(4.8)	2.2	3.0	(0.4)	0.0	0.0	0.0	0.0
Change in Capital	0.0	(2.0)	0.0	20.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other net cash flow from financing oper.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing oper.	**(4.8)**	**0.2**	**3.0**	**19.6**	**0.0**	**0.0**	**0.0**	**0.0**
Change in exchange rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	**(5.3)**	**0.1**	**3.7**	**22.2**	**2.7**	**3.6**	**4.7**	**4.9**

Source: Company - Midcap Partners

XVI. Financials (2/2)

KEY RATIOS

	2018	2019	2020	2021e	2022e	2023e	2024e	2025e
Revenue growth	n.a.	6.4%	3.4%	6.6%	7.3%	6.1%	6.0%	5.2%
Gross margin	48.1%	47.9%	48.2%	46.1%	46.1%	46.7%	46.9%	46.9%
EBITDA reported margin	12.0%	12.5%	12.6%	12.6%	12.7%	13.3%	13.7%	13.8%
EBIT reported margin	6.5%	7.0%	6.7%	7.0%	7.5%	8.4%	9.0%	9.4%
Net margin	2.8%	3.4%	3.3%	3.5%	4.1%	4.9%	5.5%	5.8%
Reported EPS	0.48	0.62	0.63	0.71	0.64	0.80	0.96	1.07
Dividend per share	0.0	0.0	0.0	0.00	0.00	0.00	0.00	0.00
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NWC	27.3	30.3	32.1	33.2	34.6	35.8	36.7	37.7
NWC as a % of Revenue	39.5%	41.2%	42.2%	40.9%	39.8%	38.8%	37.5%	36.6%
FCF	0.1	2.4	1.4	2.6	2.7	3.6	4.7	4.9
FCF yield	0.1%	4.7%	2.7%	3.6%	3.8%	5.0%	6.4%	6.8%
Conversion rate (FCF/EBITDA)	0.7%	26.5%	14.8%	25.4%	24.7%	29.6%	34.8%	34.6%
CAPEX	3.1	3.8	1.9	3.3	3.5	3.7	4.0	4.2
CAPEX/Sales	4.5%	5.1%	2.5%	4.0%	4.0%	4.0%	4.0%	4.0%
ROE	8.5%	10.9%	9.1%	5.6%	6.6%	7.7%	8.4%	8.6%
ROA	2.0%	2.5%	2.3%	2.1%	2.5%	3.1%	3.5%	3.7%
Gross Debt	43.0	47.1	50.4	50.1	50.1	50.1	50.1	50.1
Net Debt	36.1	37.5	37.1	16.8	14.1	10.4	5.8	0.8
Financial receivables and other liquid funds	1.0	3.4	4.5	4.5	4.5	4.5	4.5	4.5
Cash	2.8	2.9	6.6	28.8	31.5	35.2	39.8	44.8
Gearing, net	160.9%	164.5%	133.7%	33.2%	26.0%	17.8%	9.0%	1.2%
Financial leverage	4.3x	4.1x	3.9x	1.6x	1.3x	0.8x	0.4x	0.1x
EV/Sales				1.1x	1.0x	0.9x	0.9x	0.9x
EV/EBITDA				8.5x	7.9x	7.1x	6.5x	6.1x
EV/EBIT				15.3x	13.4x	11.3x	9.9x	9.1x
P/E				24.7x	19.8x	15.7x	13.1x	11.8x

Source : Company - Midcap Partners

XVII. ANNEXES

Market Players

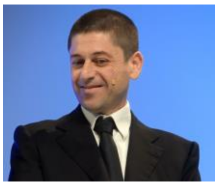
Bastide LE CONFORT MÉDICAL	Bastide Le Comfort Medical is French company specialised in the supply of medical equipment. It is core is the home delivery. It offers a large range of products from general and professional medical devices (masks, defibrillator) to incontinence aids products.
AmerisourceBergen	AmerisourceBergen is based in US, it is one of the global leader in the distribution of pharmaceutical and health care products. It covers only the American market, providing more than 20% of the pharmaceuticals distributed throughout US.
CardinalHealth	Cardinal Health, based in US, is one of the global leaders in the healthcare services It engages in the provision of customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centres, clinical laboratories and physician offices.
Medtronic	Medtronic, based in US, is a global leader in medical technology, services, and solutions. It provides a wide range for products, therapies and solutions aimed for general to more specific medical purposes (e.g. cardiac surgery, diabetes solutions)
SIEMENS Healthineers	Siemens Healthineers AG is German company, leader in the production of medical devices. It is one of the pioneers in the healthcare sector providing a wide range of solutions from medical imaging to laboratory diagnostics.
stryker	Stryker is one of the world's leading medical technology companies, based in US. It offers innovative products and services in Medical and Surgical, Neurotechnology, Orthopaedics and Spine that help improve patient and hospital outcomes.
Boston Scientific	Boston Scientific Corporation, based in the US, is one of the leading manufacturer of medical devices used in interventional medical specialties, including interventional radiology, interventional cardiology, peripheral interventions, neuromodulation, neurovascular intervention, oncology, cardiac surgery.
Smith+Nephew	Smith&Nephew is a global medical technology company, based in the UK. It is engaged in the design and manufacture technology that takes the limits off living. The support healthcare professionals to return their patients to health and mobility. They are mainly operating in advanced wound management, Orthopaedics and sports medicine.
TERUMO	Terumo is a global leader in medical technology . Based in Tokyo it provides innovative medical solutions in more than 160 countries. Its portfolio ranges from vascular intervention and cardio-surgical solutions, to medical products essential for daily clinical practice such as transfusion systems, diabetes care, and peritoneal dialysis treatments.
OLYMPUS	Olympus is a global leader in medical technology. Based in Tokyo, it provides customer-driven solutions for the medical, life sciences, and industrial equipment industries. Solution ranges from endoscopic solutions to therapeutic and other scientific solutions.
FRESENIUS	Fresenius, based in Germany, is a world's leading healthcare group offering high-quality products and services for dialysis, hospitals, and outpatient treatment. Fresenius Group includes four business segments. Fresenius is the world leader in treating people with chronic kidney failure. Fresenius Helios is Europe's largest private hospital operator. Fresenius Kabi supplies essential drugs, clinical nutrition products, medical devices and services to help critically and chronically ill patients, while Fresenius Vamed plans, develops and manages healthcare facilities.

Source : Company, Midcap

SVAS Management

UMBERTO PERILLO – CEO and Majority Shareholders

- In 1979 joined the family business
- He held several positions within the group, starting from head of purchase department in 1979 until Managing Director in 1989
- In 2012 he was appointed CEO of SVAS Biosana SpA



ANDREA EFFICACE - CFO

- Degree in Economics and Business Administration at Universita' di Napoli "Federico II" in 1997
- In 1998 he joined SVAS Biosana Srl as Sales Administrator and then as Head of Management Control.
- In 2001, he was appointed CFO of Svas Biosana SpA and in 2015 CEO and Chairman of Mark Medical SpA.

FILIPPO MARANIELLO – Chairman

- Professor of Economics and Business Administration at Luiss University and Università' di Napoli "Federico II"
- He works with SVAS as business partner since 1994
- In 2012 he was appointed member of SVAS Group BoD

LUIGI GATTA – Member of the Board

- Degree in Economics and Business Administration at Università di Napoli "Federico II" in 1994
- Chartered accountant since 1993
- He hold several corporate roles, from the administrative and financial consultant of Molipasta Srl to auditor of the companies Secure Engineering Srl and Setac Srl

ANTONIO FINOCCHI GHERSI – Member of the Board

- Degree in Economics and Business Administration at Universita' "La Sapienza" in Rome in 1986
- 20 years' experience in the Private Equity sector.
- Responsible of Investments at Intesa Sanpaolo Group from 1990 to 2018
- Since 2018 he is partner at Neuberger Berman Europe Limited

VERONICA PETRELLA – Management Control Director

- Degree in Finance at University and Università di Napoli Federico II in 2008
- Started her career in 2008 in audit at PricewaterhouseCoopers
- In 2009 worked as Finance and Risk consultant at Deloitte Consulting
- Since 2011 worked at ITALO Spa as Planning and Control Director
- In 2015 joined SVAS Group as Management Control Director

Source : Company, Midcap

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests

Company	Conflict Type
SVAS Biosana S.p.A.	G

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