

Italy – MedTech & Industrial

Strong beat on margins and impressive CF generation

2nd April 2025

FY-24 RESULTS RELEASE

RIC: VLT.MI
BBG: VLT IM

Notwithstanding a broadly unchanged top line, Valtecne posted FY-24 profitability and cash generation significantly higher than expectations, in light of increasingly lucrative product mix and favourable working capital dynamics. In 2025, the focus will be on a speedy integration of Utilità and unlocking the strong potential for up/cross-selling synergies, leveraging on a highly-complementary customer base and product portfolio.

Rating:

Buy

Price Target:

€ 8.50 (€ 8.20)

Upside/(Downside): 30.8%

Last Price: € 6.50

Market Cap.: € 39.8m

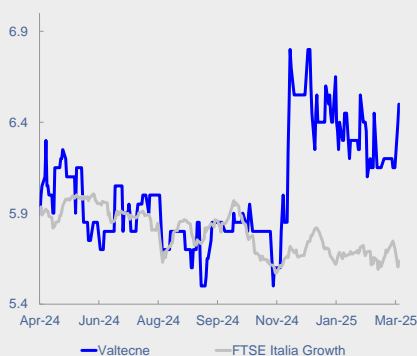
1Y High/Low: € 6.85 / € 5.45

Avg. Daily Turn. (3M, 6M): € 11k, € 10k

Free Float: 18.2%

Major shareholders:

KPM Srl (bare ownership)	61.6%
KPM Srl (direct ownership)	13.8%
Paolo Mainetti	6.4%



Stock price performance

	1M	3M	12M
Absolute	5.7%	-4.4%	6.9%
Rel.to FTSE IT Growth	5.3%	-2.5%	11.3%
Rel.to Peers	7.7%	3.5%	5.5%

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Estimates fine-tuned. New DCF-based PT points to € 8.50/s (€ 8.20). Buy confirmed

In light of the FY-24 results release, we have updated our model by factoring in: 1) a moderate increase of Medical Devices' revenues to reflect a strong order backlog and steeper decline of Industrial division following weaker FY-24 results and the adopted strategy in the short-term, 2) a fine-tuning in profitability assumptions and, 3) the re-introduction of a dividend policy, in line with FY-24. The combined result is an average decrease of 1.9% and 1.7% in VoP and adjusted EBITDA in 2025-26. Moreover, we introduced our forecasts for 2027. After updating the valuation criteria and rolling forward the DCF model to 2025, our new DCF-based PT points to € 8.50/s (€ 8.20), 30.8% upside. Buy rating confirmed.

Medical Devices exceeded € 21m (+15.1% YoY), while Industrial saw a greater decline

FY-24 sales came in at € 30.4m, broadly unchanged (-1.1% YoY vs € 30.7m registered in FY-23) and a touch better than our estimate of € 30.2m. The Medical Devices division rose by 15.1% YoY to € 21.3m (€ 18.5m in FY-23), 4.1% higher compared to our projection of € 20.4m, mainly driven by both higher volumes and outflows linked to the VMI – Vendor Management Inventory agreements with strategic customers. The Industrial division saw a marked slowdown (€ 9.1m, -25.4% YoY) resulting from the prolonged contraction of the industrial end-markets it serves, especially in the EU. Such downturn accelerated Valtecne's strategic goal to have the Medical Devices division as its core business, since its share on total revenues reached nearly 70%, from 60.1% in FY-23.

A more lucrative product mix drove EBITDA to € 6.2m, 20.8% margin (+230bps YoY)

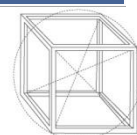
EBITDA rose by 6.4% YoY to € 6.2m, 20.8% margin (€ 5.8m, 18.5% margin in FY-23), and came in materially better than our estimate (€ 5.6m), benefitting from the continuous shift of the product mix towards the more lucrative Medical Devices division. Such margin improvement (+230bps YoY) is even more impressive considering the operating deleverage caused by the steep contraction in volumes of the Industrial division. Adjusted EBITDA grew to € 7.5m, 25.1% margin (€ 7.2m, 22.8% margin in FY-23). EBIT totalled € 4.4m, 14.9% margin, following D&A charges of € 1.8m, approximately € 0.2m higher than expected. Net Profit came in at € 3.4m, 11.4% margin, positively affected by a good treasury management, leveraging on the strong cash position, as well as a slightly lower tax rate.

NFP furtherly improving at € 6.8m cash, thanks to better profitability and NWC trends

NFP strongly improved to € 6.8m cash from € 2.4m cash at year-end 2023, significantly better than our € 5.2m forecast, in light of the combined effect of higher profitability and lower-than-expected NWC absorption, backed by reduced inventories and lower receivables, and notwithstanding slightly higher capex (~€ 2.5m vs € 2.2m expected). Adjusted NFP was € 4.5m cash from € 1.1m debt in FY-23 and better than our estimate reflecting a more generous CF generation combined with reduced lease liabilities in favour of tangible capex.

Valtecne, key financials and ratios

€ m	2023	2024	2025e	2026e	2027e
Revenues	30.7	30.4	36.8	39.6	42.4
Value of Production	31.6	29.9	38.9	41.4	44.3
EBITDA	5.8	6.2	8.1	9.1	10.1
Adjusted EBITDA	7.2	7.5	9.7	10.8	11.8
EBIT	4.3	4.4	5.3	6.1	6.9
Net Profit	3.2	3.4	3.4	3.9	4.6
Adjusted NFP debt/(cash)	1.1	(4.5)	1.3	(1.8)	(5.8)
Adjusted EBITDA margin	22.8%	25.1%	25.0%	26.0%	26.7%
EPS stated FD €	0.52	0.56	0.56	0.64	0.75
EPS growth	-	7.4%	0.2%	15.0%	16.7%
ROCE	17.2%	15.2%	14.5%	15.1%	15.7%
NWC/Sales	34.6%	29.6%	27.9%	28.2%	28.5%
EV/Sales x	1.02	1.03	1.13	0.97	0.82
EV/EBITDA Adj. x	4.4	4.2	4.3	3.6	2.9
EV/EBIT x	7.2	7.1	7.8	6.4	5.0
PER x	9.5	10.5	11.6	10.1	8.7
Free Cash Flow Yield	7.5%	12.3%	8.2%	9.3%	11.6%



The Company at a Glance

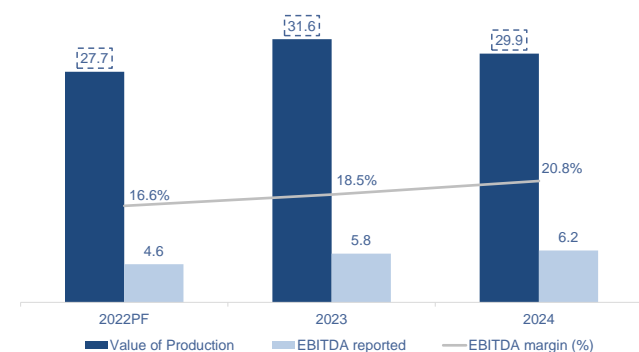
Established in 1983 by the Executive Chairman Vittorio Mainetti, Valtecne is a specialised contract manufacturer of high-precision components, operating as a first, second or third level supplier to Original Equipment Manufacturers (OEMs). The company runs its operations through two business lines, namely Medical Devices and Industrial. The former is dedicated to the production of instruments for orthopaedic surgery and implantable components, while the latter focuses on the manufacturing of mission-critical mechanical parts for industrial processing.

Over 40 years of experience and several investments in technology and machinery has enabled the company to develop undisputed technical know-how in highly complex processing. As of today, Valtecne stands out as a strategic and reliable partner for worldwide leading industrial and MedTech companies, providing its customers with a 'turn-key' service and an ever-expanding product portfolio.

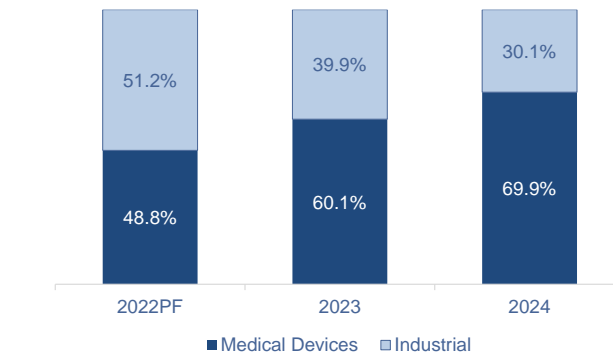
In the 2016-24 period, Value of Production showed a robust double-digit growth rate, i.e. CAGR₁₆₋₂₄ of 11.5%, prompted by the outstanding expansion of the Medical Devices division (CAGR₁₆₋₂₄ of 22.7%), and the mild progression of the Industrial business line (CAGR₁₆₋₂₄ of 1.1%). Indeed, the bulk of growth derived from the strategic decision to concentrate investments and resources to expand the production capacity and, as a consequence, the customer base of the Medical Devices division, aimed at riding its underlying long-term favourable trends, such as the aging population in developed countries, a greater use of joint reconstruction surgery in emerging ones and the ever-increasing effectiveness of surgical procedures, as a result of technological innovation.

FY-24 results exhibited Value of Production of € 29.9m, EBITDA of € 6.2m, 20.8% margin, with Net Profit of € 3.4m, 11.4% margin. Net Financial Position stood at € 6.8m cash. Taking into account the IFRS-16 effect, adjusted EBITDA and NFP amounted to € 7.5m (25.1% margin) and € 4.5m cash, respectively.

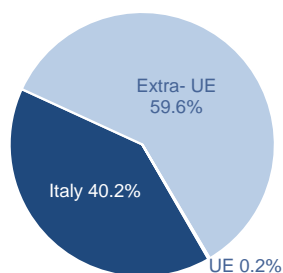
2022PF-24 VoP and EBITDA evolution



2022PF-24 top line evolution by business line



FY-24 top line breakdown by geography



Shareholder Structure

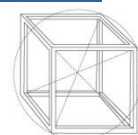
Shareholder	# m	%
KPM Srl (direct ownership)	3.76	61.6%
KPM Srl (bare ownership)	0.84	13.8%
Paolo Mainetti	0.39	6.4%
Free Float	1.11	18.2%
Total	6.11	100.0%

Peer group multiples table

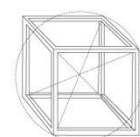
EV & PER multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Integer Holdings Corp	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.7	16.7
Jabil Inc	0.57	0.53	7.3	6.6	10.7	9.5	15.3	14.0
Lisi SA	0.91	0.83	7.2	6.2	13.0	10.4	15.8	12.4
Scanfil Oyj	0.71	0.66	7.4	6.8	10.1	9.2	13.0	12.0
Vimi Fasteners SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Pharmaceutical Services Inc	5.31	4.85	21.5	18.9	27.8	23.5	35.6	30.8
Median	0.81	0.74	7.3	6.7	11.8	9.9	15.8	14.0
Valtecne SpA	1.13	0.97	4.3	3.6	7.8	6.4	11.6	10.1

Sources: CFO SIM, Refinitiv Workspace

Multiples are calculated with EBITDA and NFP in accordance with IFRS-16



Income statement (€ m)	2023	2024	2025e	2026e	2027e
Revenues	30.7	30.4	36.8	39.6	42.4
Value of Production	31.6	29.9	38.9	41.4	44.3
Raw material and processing	(10.0)	(7.7)	(10.7)	(11.4)	(12.2)
Services	(4.4)	(4.4)	(5.6)	(6.0)	(6.3)
Personnel expenses	(9.2)	(9.5)	(11.8)	(12.1)	(12.7)
Other opex	(2.2)	(2.1)	(2.7)	(2.8)	(3.0)
EBITDA	5.8	6.2	8.1	9.1	10.1
D&A	(1.5)	(1.8)	(2.8)	(3.0)	(3.2)
EBIT	4.3	4.4	5.3	6.1	6.9
Financials	(0.0)	0.1	(0.1)	(0.1)	0.0
Re/(Devaluation) of financial assets	(0.0)	0.0	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax Profit	4.3	4.5	5.2	6.0	6.9
Income taxes	(1.1)	(1.1)	(1.4)	(1.6)	(1.8)
Minorities	0.0	0.0	(0.4)	(0.5)	(0.5)
Net Profit	3.2	3.4	3.4	3.9	4.6
Adjusted EBITDA	7.2	7.5	9.7	10.8	11.8
Balance sheet (€ m)	2023	2024	2025e	2026e	2027e
Net Working Capital	10.6	9.0	10.2	11.2	12.1
Net Fixed Assets	8.2	8.8	17.4	17.4	17.1
Equity Investments	0.4	0.4	0.4	0.4	0.4
Other M/L Term A/L	(1.8)	(1.9)	(2.6)	(2.7)	(2.9)
Net Invested Capital	17.4	16.4	25.5	26.2	26.7
Net Financial Debt	(2.4)	(6.8)	(2.0)	(5.1)	(9.1)
Minorities	0.0	0.0	1.5	2.0	2.5
Group's Shareholders Equity	19.7	23.1	25.9	29.3	33.2
Financial Liabilities & Equity	17.4	16.4	25.5	26.2	26.7
Adjusted Net Financial Debt	1.1	(4.5)	1.3	(1.8)	(5.8)
Cash Flow statement (€ m)	2023	2024	2025e	2026e	2027e
Net income before minorities	3.2	3.4	3.9	4.4	5.1
Depreciation	1.5	1.8	2.8	3.0	3.2
Other non-cash charges	0.9	(0.0)	0.7	0.1	0.2
Cash Flow from Oper. (CFO)	5.6	5.2	7.3	7.6	8.5
Change in NWC	(0.7)	1.6	(1.2)	(0.9)	(0.9)
FCF from Operations (FCFO)	4.9	6.8	6.1	6.6	7.6
Net Investments (CFI)	(7.1)	(2.0)	(10.3)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(2.2)	4.8	(4.1)	3.7	4.6
CF from financials (CFF)	4.6	0.7	2.4	(1.1)	(1.2)
Free Cash Flow to Equity (FCFE)	(3.2)	5.5	(1.1)	3.2	4.1
Financial ratios	2023	2024	2025e	2026e	2027e
Adjusted EBITDA margin	22.8%	25.1%	25.0%	26.0%	26.7%
EBIT margin	13.7%	14.9%	13.7%	14.6%	15.6%
Net profit margin	10.4%	11.2%	9.3%	9.9%	10.8%
Tax rate	25.9%	24.2%	26.0%	26.0%	26.0%
Op. NWC/Sales	34.6%	29.6%	27.9%	28.2%	28.5%
Interest coverage x	163.0	(70.7)	48.1	74.4	(365.9)
Adj. Net Debt /Adj. EBITDA x	0.16	n.m.	0.13	n.m.	n.m.
Net Debt-to-Equity x	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC	18.3%	20.9%	13.4%	15.0%	17.2%
ROCE	17.2%	15.2%	14.5%	15.1%	15.7%
ROACE	20.4%	16.4%	16.2%	15.8%	16.5%
ROE	16.1%	14.8%	13.2%	13.4%	13.8%
Payout ratio	0.0%	17.9%	17.0%	17.0%	17.0%
Per share figures	2023	2024	2025e	2026e	2027e
Number of shares # m	6.11	6.11	6.11	6.11	6.11
Number of shares Fully Diluted # m	6.11	6.11	6.11	6.11	6.11
Average Number of shares Fully Diluted # m	6.11	6.11	6.11	6.11	6.11
EPS stated FD €	0.52	0.56	0.56	0.64	0.75
EBITDA €	0.96	1.02	1.32	1.48	1.65
EBIT €	0.71	0.73	0.87	0.99	1.13
BV €	3.23	3.79	4.50	5.12	5.85
FCFO €	0.80	1.11	1.00	1.09	1.24
FCFF €	(0.36)	0.79	(0.68)	0.60	0.76
FCFE €	(0.52)	0.90	(0.19)	0.52	0.67
Dividend €	0.00	0.10	0.10	0.11	0.13



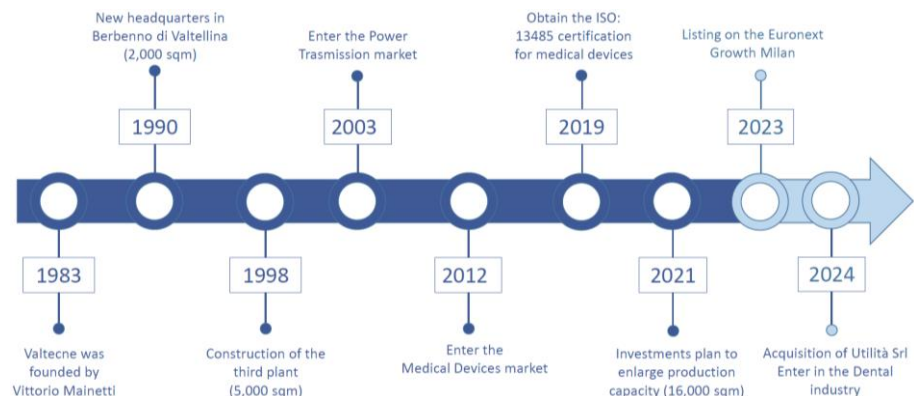
Valtecne in a Nutshell

Established in 1983 by the Executive Chairman Vittorio Mainetti, Valtecne is a specialised **contract manufacturer** of high-precision components, operating as a first, second or third level supplier to Original Equipment Manufacturers (OEMs). **The company runs its operations through two business lines, namely Medical Devices and Industrial.** The former is dedicated to the production of instruments for orthopaedic surgery and implantable components, while the latter focuses on the manufacturing of mission-critical mechanical parts for industrial processing.

Over 40 years of experience and several investments in technology and machinery has enabled the company to develop undisputed technical know-how in highly complex processing. As of today, Valtecne stands out as a strategic and reliable partner for worldwide leading industrial and MedTech companies, providing its customers with a 'turn-key' service and an ever-expanding product portfolio.

The company runs a **16,000 sqm manufacture facility** in Berbenno di Valtellina (Sondrio), **equipped with 65 CNC machines able to manufacture 300,000+ components per year**, and employs more than 200 staff carefully organised into several teams to efficiently oversee the entire value chain.

Chart 1 - Valtecne, Company history



Source: CFO SIM's elaboration on company data

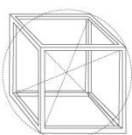
Valtecne organises its operations in two distinct business lines:

- **Medical Devices (69.9% of FY-24 revenues):** in 2012, Valtecne entered the buoyant MedTech market. The company specialises in the **manufacture of orthopaedic surgical instruments and implants**, mainly intended for joint replacement of hips and knees, extremities, and spine. Moreover, as from 2024, the company entered in the Trauma segment of the market. Orthopaedic components are smaller in size and usually require more sophisticated realisation techniques than those of the Industrial division.

Here, **Valtecne acts as a Tier-1 supplier** for leading Italian and European MedTech companies.

- **Industrial (30.1% of FY-24 revenues):** Valtecne's historical business consists of third-party manufacturing of **mission-critical components for power transmission**, such as planetary gear carriers, flanged hubs, or plates. Moreover, the company provides mechanical parts for sports cars, trucks, and hydrogen-powered vehicles, along with gas-powered turbine blades for energy generation. **The Industrial division generally offers a 1-year visibility.**

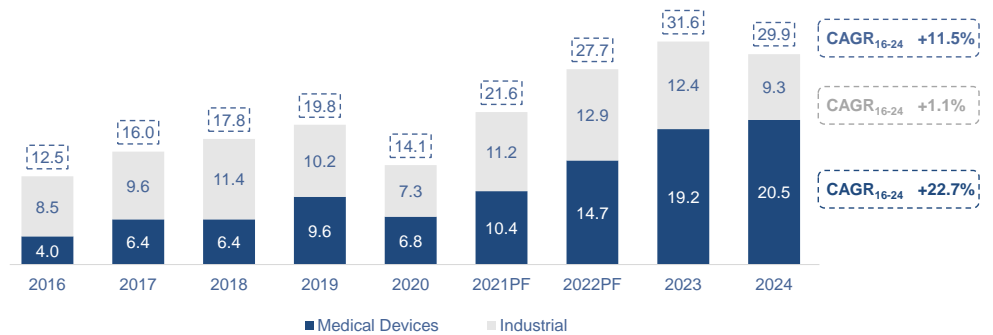
With regard to this business line, **Valtecne operates as a Tier-2 or 3 supplier for Italian industrial groups** which, in turn, directly serve leading global companies in industries such as Automotive, Heavy Machinery and Oil & Gas.



FY-24 results exhibited **Value of Production of € 29.9m**, EBITDA of € 6.2m, 20.8% margin, with **Net Profit of € 3.4m**, 11.4% margin. **Net Financial Position** stood at € 6.8m cash.

Taking into account the IFRS-16 effect, **adjusted EBITDA and NFP** amounted to € 7.5m (25.1% margin) and € 4.5m cash, respectively.

Chart 2 – Valtecne, 2016-24 Value of Production evolution by business line – € m

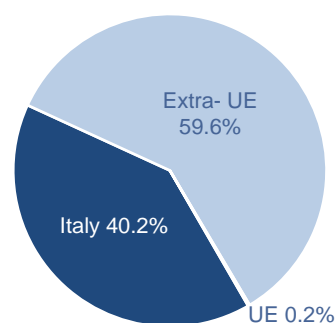


Source: CFO SIM's elaboration on company data

In the 2016-24 period, **Value of Production showed a robust double-digit growth rate, i.e. CAGR₁₆₋₂₄ of 11.5%**, prompted by the outstanding expansion of the Medical Devices division (CAGR₁₆₋₂₄ of 22.7%), and the mild progression of the Industrial business line (CAGR₁₆₋₂₄ of 1.1%). Indeed, **the bulk of growth derived from the strategic decision to concentrate investments and resources to expand the production capacity and, as a consequence, the customer base of the Medical Devices division**, aimed at riding its underlying long-term favourable trends, such as 1) the aging population in developed countries, 2) a greater use of joint reconstruction surgery in emerging ones and, 3) the ever-increasing effectiveness of surgical procedures, as a result of technological innovation.

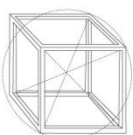
Broadly unchanged top line in FY-24 was however accompanied by a strong increase in profitability, as **EBITDA reached € 6.2m, 20.8% margin (+230bps YoY)**, mainly thanks to a steady shift of the product mix towards the more profitable Medical Devices division, along with enhanced operational efficiencies.

Chart 3 – Valtecne, 2024 revenues breakdown by geography



Source: Company data

From a geographical standpoint, **Valtecne generates revenues in two main countries**, namely Switzerland and Italy. In particular, the key customers of the Medical Devices division are leading global MedTech companies based in the above-mentioned nations, while those of the Industrial division are Italian industrial groups with an international footprint, serving multiple end-industries.



Business Model

Valtecne is a specialised **contract manufacturer** of high-precision mechanical components and assemblies, operating as a first, second or third level supplier to Original Equipment Manufacturers (OEMs). **Over 40 years of experience has enabled the company to develop undisputed technical know-how in highly complex processing**, which makes it a strategic and reliable partner for worldwide leading industrial and MedTech companies. The company manufactures mechanical components based upon its customers' designs and guidelines, even if, occasionally, it actively participates in the design and development of new products.

Valtecne provides its clients with a **'turn-key' service**, as the whole production process, from raw materials procurement to logistics and shipment, is carried out internally. The company runs a **16,000 sqm manufacture facility in Berbenno di Valtellina** (Sondrio) and employs **more than 200 staff, carefully organised into several teams** (in the Sales, Technical, Purchasing, Production, Quality Control departments), able to efficiently oversee the entire value chain.

Chart 4 – Valtecne, Business Model



Source: CFO SIM's elaboration based on company data

Valtecne organises its operations in two distinct business lines:

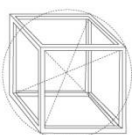
- **Medical Devices (69.9% of FY-24 revenues):** leveraging on the technical know-how gained in the industrial division, in 2012 Valtecne entered the buoyant MedTech market. The company specialises in the manufacture of **orthopaedic surgical instruments and implants**, mainly intended for joint replacement of hips and knees as well as, to a lesser extent, extremities (shoulders in particular), and spine. Orthopaedic components are smaller in size and usually require more sophisticated realisation techniques than those of the Industrial division.

Here, **Valtecne acts as a Tier-1 supplier** for leading Italian and European medical devices companies.

It is worth pointing out the remarkable growth path of the division over the last 11 years, since it accounted just 2% of revenues in 2013 whereas it nearly exceeded 70% of total at year-end 2024. Moreover, Valtecne **went public with the clear mission to accelerate the growth of the Medical Devices division**, given its better long-term growth drivers, profitability and barriers to entry.

- **Industrial (30.1% of FY-24 revenues):** Valtecne's historical business consists of third-party manufacturing of **mission-critical components for power transmission**, such as planetary gear carriers, flanged hubs, and plates. Moreover, the company provides mechanical parts for sports cars, trucks, and hydrogen-powered vehicles, along with gas-powered turbine blades for energy generation. Noteworthy, the Industrial division is broken down into Power Transmission, Automotive and Energy, the former of which is by far the largest contributor, accounting for more than 80% of the division's revenues. Additionally, the Industrial division generally offers a 1-year visibility, coupled with relatively low volatility on a historical basis.

With regard to this business line, **Valtecne operates as a Tier-2 or 3 supplier** for Italian industrial groups with an international footprint, which, in turn, directly serve leading global companies in industries such as Automotive, Heavy Machinery and Oil&Gas.



In detail, Valtecne's value chain is structured as follows:

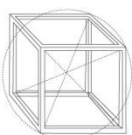
- **Customer Acquisition:** in order to gain a new customer, Valtecne has to undertake a **thorough supplier accreditation process** whose completion, especially for the Medical division, could take **up to 12 months**. Notably, it envisages a meticulous analysis of certifications, along with in-depth inspection of manufacturing plants aimed at verifying compliance with the highest quality standards in terms of production equipment and procedures. Furthermore, even if compliant, a potential supplier such as Valtecne could be asked to revise certain production procedures in order to abide by stricter standards imposed by customer.

In order to be more attractive to potential customers, Valtecne earned two **key sectorial certifications**, i.e. **IATF:16949 (Automotive)** and **ISO:13485 (Medical Devices)**.

- **Procurement:** as Valtecne follows a **'make-to-order' approach**, production commences only when an order is received. Product drawings always contain the needed raw materials and, sometimes, the specific supplier imposed by the customer itself. The main raw materials used within the Industrial division include semi-finished products like cast iron, aluminium, stainless steel and carbon steel while, in the Medical Devices division, stainless steel, titanium, aluminium and biocompatible plastics.
- **Engineering:** the Technical Department carries out an in-depth analysis of the technical documentation and specifications provided in the customer drawing, also with the help of 3D CAD models. Afterwards, it elaborates an **operative strategy by listing all the production phases**, flanked by all the information about the proper CNC machine and equipment to be used. **Here lies Valtecne's added value and strategic activity.**

Additionally, in the event of a completely new and unknown component, **Valtecne's and the customer's Technical Departments collaborate side by side in the co-design activity**. In this way, the customer can benefit from: 1) a detailed feasibility study by a trusted partner, 2) a continuously improved product design and, 3) reduced overall operating costs.

- **Production:** Valtecne leverages on a state-of-the-art manufacturing process, on the back of considerable 'Industry 4.0' investments carried out over the last 10 years. In detail, **the company makes use of 65 CNC machines** (primarily intended for milling, turning, EDM and broaching), **entirely orchestrated by the internal ERP system**, running five days a week over three shifts. Valtecne performs all the critical and value-added activities in-house, while it entrusts certain phases, such as heat and surface treatment, to third-party suppliers.

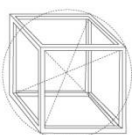


Production complexity differs between the two business lines:

- ✓ **Industrial:** almost every finished component starts from a monolithic piece and usually requires a limited number of processing;
 - ✓ **Medical Devices,** instead, features a high number of processing, **up to 20 phases in certain circumstances,** as well as more complex forms. In addition, these products are mostly made of distinct components that need to be manufactured first, and then assembled in order to obtain the result indicated in the customer's technical drawing. In this regard, Valtecne boasts a dedicated department, having a specialisation in micro-assembly of orthopaedic devices.
- **Quality Control & Logistics:** customer drawing and documentation only comprise information about product sizes and measurement to be respected, but they hardly ever state how control activities must be performed. In this regard, **the Quality Department prepares a 'control plan' for every single production stage,** with the aim of detailing sizes that need to be checked and, for each of them, the control frequency and the most appropriate measurement instruments. With respect to the Medical Devices division, **Valtecne carries out all the final tests before delivery on behalf of the customer,** in some cases according to a shared checklist.

Quality-control equipment includes calipers, micrometers, height gauges, roughness meters, and 5 CMMs (Coordinate-Measuring Machines), entailing a best-in-class approach to ensure products' compliance with the highest quality standards, especially considering the stringent criteria imposed by Medical Devices customers.

Finally, logistics activities are managed through **four warehouses, two for each business line.** Noteworthy, Radio Frequency Identification (RFID) technology is used in the Medical Devices division's warehouse intended for finished products, enabling automatic and time efficient identification by taking advantage of magnetic fields.



Strategy

In light of a steady growth path since its foundation in 1983, the listing in Mar-23 and the recent acquisition of Utilità Srl in Dec-24, Valtecne's strategy is now focused on: 1) capturing the significant amount of synergies (in particular cross-selling and up-selling) arising from the integration of Utilità, 2) updating and strengthening its production capacity, and 3) reinforcing its competitive positioning as trusted strategic partner both in Italy and abroad.

The IPO proceeds (€ 4.6m net of listing costs) were chiefly be used to take advantage of M&A opportunities with the aim of accelerating growth in the more promising and profitable Medical Devices division. **Such cash proceeds were entirely deployed to fund the acquisition of 60% of the share capital of Utilità Srl**, whose closing occurred in March 12th, 2025. It is worth noting that the acquisition allowed Valtecne to strengthen its presence in strategic sub-segments of the orthopaedics' industry and **enter the buoyant Dental segment**, as anticipated at the time of the IPO.

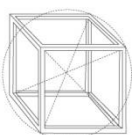
Valtecne's strategy is based on the following pillars, according to the business line:

Medical Devices:

- ✓ **Enlarging the customer base**: leveraging on more than 10 years of know-how in complex medical devices solutions, Valtecne intends to add first-class players to its customer portfolio by further enlarge the production capacity and strengthen the commercial structure;
- ✓ **Expanding the product portfolio of orthopaedic medical devices**, Valtecne plans to strengthen its product offering in markets segments where it already boasts an ample portfolio (Joint Replacement) or has a limited presence (Spine) by means of 1) targeted investments in production capacity for existing technologies and, 2) internalisation of other key production phases, such as surface finishing. Moreover, the company entered the Trauma segment as of the beginning of 2024 and focuses to strengthen its presence in the Spine segment, which it entered in 2018 and where it still has a limited presence.

Industrial:

- ✓ **Diversification of the product mix**: While not at the core of Valtecne's strategy, the management is planning to diversify the product mix towards high-growth niche segments of the market, even by the disposal of product categories having unattractive margins, with the aim of mitigating the cyclicity of the division and improve the overall profitability;
- ✓ **Improving production efficiency**, by replacing obsolete machinery with cutting-edge equipment in order to attract new potential customers and increase the share of wallet with existing ones;



SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out with regard to a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ **Strong technical know-how** gained in over 40 years of proven experience in high-precision mechanic
- ❑ An **experienced and well-structured management team**
- ❑ **Long-standing relationships** with leading MedTech companies
- ❑ **Ever-increasing share of the more profitable Medical Devices division**, currently at ~70% of the total

WEAKNESSES

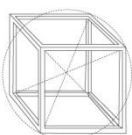
- ❑ **Sales department** needs to be strengthened
- ❑ The **Medical Devices division** relies on **few large-sized customers** with rather high bargaining power
- ❑ Especially for the Medical Devices division, **customer acquisition is a lengthy process**
- ❑ **Limited M&A track record**

OPPORTUNITIES

- ❑ **Riding long-term structural trends** (ageing population, development of emerging markets)
- ❑ **M&A opportunities** to enter new promising segments and internalise significant know-how
- ❑ **Updating production capacity and equipment** to entice new costumers
- ❑ **Vertical integration of upstream phases** could benefit margins

THREATS

- ❑ **New breakthrough technology** may disrupt current production processes
- ❑ **Regulatory changes in the supplier accreditation process** could slow down top line growth



FY-24 Results

Valtecne reported a strong set of FY-24 results, confirming the preliminary sales figures reported in Feb-25, which came in broadly unchanged YoY, while achieving both profitability and cash flow generation above projections. Notably, **the continuous shift of the product mix towards the more lucrative Medical Devices division drove margins up by 230bps YoY**, and notwithstanding the adverse effect from the steep decline of volumes in the Industrial division.

The combined effect of **higher-than-expected profitability and favourable working capital dynamics lead to a robust cash flow generation**, materially higher than expected.

Table 1 – Valtecne, 2024-23 results summary

€ m	2024	2023	% YoY	2024e	Δ %
Medical Devices	21.3	18.5	15.1	20.4	4.1
Industrial	9.1	12.3	(25.4)	9.8	(6.8)
Revenues	30.4	30.7	(1.1)	30.2	0.6
Δ in finished products + Δ in WIP	(1.7)	(0.1)		(1.5)	
Other revenues	1.2	0.9		0.8	
Value of Production	29.9	31.6	(5.5)	29.5	1.3
Raw material and processing	(7.7)	(10.0)		(8.0)	
Services	(4.4)	(4.4)		(4.2)	
Personnel expenses	(9.5)	(9.2)		(9.7)	
Other opex	(2.1)	(2.2)		(2.0)	
EBITDA	6.2	5.8	6.4	5.6	11.5
% margin	20.8%	18.5%		18.9%	
D&A	(1.8)	(1.5)		(1.6)	
EBIT	4.4	4.3	2.8	4.0	11.2
% margin	14.9%	13.7%		13.5%	
Financials + Re(De)valuations	0.1	(0.0)		0.1	
Pre-Tax Profit	4.5	4.3	4.9	4.1	10.8
% margin	15.1%	13.6%		13.8%	
Income taxes	(1.1)	(1.1)		(1.1)	
Tax rate	24.2%	25.9%		26.0%	
Minorities	0.0	0.0		0.0	
Net Profit	3.4	3.2	7.4	3.0	13.6
% margin	11.4%	10.1%		10.2%	
Adjusted EBITDA	7.5	7.2	4.1	6.8	10.5
% margin	25.1%	22.8%		23.0%	
NFP debt/(cash)*	(6.8)	(2.4)	n.m.	(5.2)	n.m.
Adjusted NFP debt/(cash) *	(4.5)	1.1	n.m.	(2.3)	n.m.

Source: Company data, CFO SIM estimates

FY-24 sales came in at € 30.4m, broadly unchanged (-1.1% YoY vs € 30.7m registered in FY-23) and a touch better than our estimate of € 30.2m. In terms of business lines:

- ✓ **The Medical Devices division rose by 15.1% YoY to € 21.3m (€ 18.5m in FY-23)**, 4.1% higher compared to our projection of € 20.4m, mainly driven by both higher volumes and outflows linked to the VMI – Vendor Management Inventory agreements with strategic customers.
- ✓ On the other side, **the Industrial division saw a marked slowdown (€ 9.1m, -25.4% YoY)** resulting from the prolonged contraction of the industrial end-markets it serves, especially in the EU. Such downtrend accelerated Valtecne's strategic goal to have the Medical Devices division as its core business, since its share on total revenues reached nearly 70%, from 60.1% in FY-23.

Value of Production totalled € 29.9m, down by 5.5% YoY from € 31.6m recorded in FY-23, primarily due to a higher outflow of product categories linked to the VMI – Vendor Management Inventory agreements.

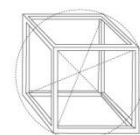


Table 2 – Valtecne, 2024-23 top line by business line

€ m	FY-24	% on tot	FY-23	% on tot	% YoY	FY-24e	Δ %
Medical Devices	21.3	69.9	18.5	60.1	15.1	20.4	4.1
Industrial	9.1	30.1	12.3	39.9	(25.4)	9.8	(6.8)
Revenues	30.4	100.0	30.7	100.0	(1.1)	30.2	0.6

Source: Company data, CFO SIM estimates

Notwithstanding the broadly unchanged top line, **EBITDA rose by 6.4% YoY to € 6.2m, 20.8% margin** compared to € 5.8m, 18.5% margin in FY-23, and came in materially better than our estimate of € 5.6m, benefitting from **the continuous shift of the product mix towards the more lucrative Medical Devices division, which nearly reached 70% of the total**. Such margin improvement (+230bps YoY) is even more impressive considering the operating deleverage caused by the steep contraction in volumes witnessed by the Industrial division. **Adjusted EBITDA grew to € 7.5m, 25.1% margin** (€ 7.2m, 22.8% margin in FY-23), on the back of higher reported EBITDA while the adjustments based on the IFRS-16 effect related to lease expenses came in fairly in line with our estimate.

EBIT totalled € 4.4m, 14.9% margin (€ 4.3m, 13.7% margin in FY-23), following D&A charges of € 1.8m, approximately € 0.2m higher than expected. **Net Profit came in at € 3.4m, 11.4% margin**, positively affected by a good treasury management, leveraging on the strong cash surplus, later deployed for the acquisition of Utilità Srl, as well as a slightly lower tax rate (24.2% vs 26% expected).

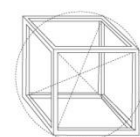
Net Financial Position strongly improved to € 6.8m cash from € 2.4m cash registered at year-end 2023, significantly better than our € 5.2m forecast, in light of the combined effect of higher-than-expected profitability and lower-than-expected NWC absorption, backed by reduced inventories and lower receivables (DSO at 76 days vs an average of 100days in 2022-24), and notwithstanding slightly higher capex (~€ 2.5m vs € 2.2m expected). **Taking into account the IFRS-16 adjustment, Net Financial Position was € 4.5m cash from € 1.1m debt in FY-23** and better than our estimate reflecting a more generous cash flow generation combined with reduced lease liabilities in favour of tangible capex.

Table 3 – Valtecne, 2024-23 Op. NWC dynamics

€ m	2024	2023	€ m Δ	2024e	€ m Δ vs e	% Δ vs e
Inventories	9.2	11.5	(2.3)	9.9	(0.6)	(6.2)
Receivables	6.2	8.7	(2.5)	8.0	(1.8)	(22.1)
Payables	(6.5)	(9.6)	3.1	(7.9)	1.4	(17.6)
Op. NWC	9.0	10.6	(1.6)	10.0	(1.0)	(9.9)
Op. NWC/Sales (%)	29.6%	34.6%		33.1%		-498bps

Source: Company data, CFO SIM estimates

Following the FY-24 results release, **Valtecne's BoD resolved to propose to the next AGM a dividend of € 0.10/share** (payout of 17.3%, ~1.6% of dividend yield), with ex-date on May 12th, record date on May 13th and payment date on May 14th.



Estimates, Outlook, Valuation and Risks

As expected, 2024 turned out to be a year of consolidation for Valtecne if top line progression is considered. However, by taking a closer look, such outcome resulted from **the huge decline of the Industrial division and should not overshadow the outstanding performance of the Medical Devices division**, which kept rising double-digit and once again exceeded our estimates. Additionally, EBITDA came in materially higher than forecasted reflecting a more lucrative product mix and, combined with a favourable NWC dynamics boosted cash flow generation (FCF yield >12%).

The steeper-than-expected contraction of the Industrial division accelerated the transition of Valtecne towards becoming predominantly a MedTech company. Moreover, the underlying reference market of the Industrial division showed no signs of trend reversal in Q1-25. As it is not at the core of the strategy, the management is exploring selective divestments of product categories featuring unsatisfactory profitability or excessive demand volatility. Thus, a severe decline is expected in FY-25 as well. **Any proceeds would be deployed to fund investments to expand the production capacity of the Medical Devices division.** The outlook of the latter remains highly attractive in the medium term, supported by the **solid growth trajectory of the underlying industry**, expected to close 2024 up 5% YoY (historical growth rate stands at ~3.5%) and increase at a CAGR above 4% in 2025-27.

Moreover, **2024 marked the first M&A deal in Valtecne's history**, validating the management's strategy outlined at the time of the IPO. The acquisition of Utilità Srl, whose **closing occurred in Mar-25**, allowed Valtecne to penetrate the Dental industry and strengthen its presence in the MedTech sector. In 2025, the focus will be on a speedy integration and **unlocking the strong potential for up/cross-selling synergies, leveraging on a highly-complementary customer base and product portfolio.**

In light of the FY-24 results release, **we have updated our model by factoring in:** 1) a moderate increase of Medical Devices' revenues to reflect a strong order backlog and steeper decline of Industrial division following weaker FY-24 results and the management's strategy in the short-term, 2) a fine-tuning in profitability assumptions and, 3) the re-introduction of a dividend policy based on an arbitrary 17% payout ratio, in line with FY-24. The combined result is **an average decrease of 1.9% and 1.7% in VoP and adjusted EBITDA in 2025-26.** Moreover, we introduced our forecasts for 2027.

Table 4 – Valtecne, 2025e new/old estimates

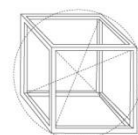
€ m	New	Old	Δ %	Δ € m
Value of Production	38.9	39.8	(2.4)	(0.9)
Adjusted EBITDA	9.7	10.0	(2.5)	(0.3)
% margin	25.0	25.1		
EBIT	5.3	5.8	(9.0)	(0.5)
% margin	13.7	14.7		
Net Profit	3.4	3.9	(12.0)	(0.5)
% margin	8.8	9.8		
Adjusted Net debt / (cash)	1.3	5.2	(75.1)	(3.9)

Source: CFO SIM

Table 5 – Valtecne, 2026e new/old estimates

€ m	New	Old	Δ %	Δ € m
Value of Production	41.4	42.1	(1.5)	(0.6)
Adjusted EBITDA	10.8	10.9	(0.8)	(0.1)
% margin	26.0	25.8		
EBIT	6.1	6.6	(7.7)	(0.5)
% margin	14.6	15.6		
Net Profit	3.9	4.4	(11.0)	(0.5)
% margin	9.5	10.5		
Adjusted Net debt / (cash)	(1.8)	0.9	n.m.	(2.7)

Source: CFO SIM



Moreover, we updated the valuation criteria, bringing the risk-free rate up to date (3.65% vs prev. 3.70%) and rolled forward the DCF model to 2025. As a result, **our new DCF-based PT points to € 8.50/s (€ 8.20)**, 30.8% upside potential to current price levels. Buy rating reiterated.

In view of the brilliant growth path since listing and the successful and accretive transition towards becoming a MedTech company, we firmly believe **Valtecne's current valuation below 4.5x EV/Adj EBITDA_{25e} comes as a bargain**, as the company should increasingly be assessed more as a high-value-added MedTech contract manufacturer and less as an industrial player.

DCF

In applying the DCF valuation method, we assess explicit estimates until 2029 and a long-term growth rate of 1.5%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 6 – WACC derived from:

Interest costs, pre-tax	4.50%
Tax rate	26.0%
Interest costs, after taxes	3.3%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	3.65%
Beta levered (x)	1.00
Required ROE	12.7%

Source: CFO SIM, Refinitiv Workspace

Risk premium at 9.0% factors in the minute size of the company and basically all Euronext Growth Milan market segment related concerns that an investor might have. The WACC is computed using a highly sustainable **20:80 debt/equity ratio** (prev. 25:75) balance-sheet structure and **Beta = 1**.

Table 7 – Valtecne, DCF model

€ m	2025e	2026e	2027e	2028e	2029e	TV
EBIT	5.3	6.1	6.9	7.6	8.3	
Tax rate	26.0%	26.0%	26.0%	26.0%	26.0%	
Operating profit (NOPAT)	3.9	4.5	5.1	5.7	6.1	
Δ working capital	(1.2)	(0.9)	(0.9)	(0.5)	(0.1)	
Depreciation	2.8	3.0	3.2	3.2	3.2	
Investments	(10.3)	(3.0)	(3.0)	(3.1)	(3.2)	
Free Cash Flows	(4.8)	3.6	4.4	5.3	6.0	65.7
Present Value	(4.4)	3.0	3.3	3.6	3.7	40.4
WACC	10.8%	10.8%	10.8%	10.8%	10.8%	
Long-term growth rate	1.5%					

Source: CFO SIM

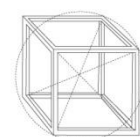


Table 8 – Valtecne, DCF derived from:

€ m		
Enterprise Value € m		49.6
	<i>thereof terminal value</i>	81.4%
NFP FY-24		6.8
Pension provision		(0.3)
Minorities FY-25 @ 10x P/E		(4.3)
Equity value € m		51.8
#m shares		6.11
Equity value €/s		8.50

Source: CFO SIM

The application of our DCF model generates an equity value of € 51.8m, € 8.50/s for Valtecne.

The following tables illustrate the sensitivity of the equity value per share 1) compared to changes in **WACC** (range between 10.04% and 11.54%) and **terminal growth rate** (range between 0.75% and 2.25%), and 2) compared to changes in **risk-free rate** (range between 2.90% and 4.40%) and **Equity Risk Premium** (range between 8.25% and 9.75%).

Table 9 – Valtecne, equity value sensitivity to changes in WACC and terminal growth rate

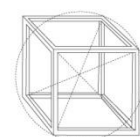
€ per share		Terminal growth rate						
		0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
WACC	10.04%	8.60	8.80	9.10	9.30	9.50	9.80	10.10
	10.29%	8.40	8.60	8.80	9.00	9.20	9.50	9.70
	10.54%	8.20	8.30	8.50	8.70	8.90	9.20	9.40
	10.79%	7.90	8.10	8.30	8.50	8.70	8.90	9.10
	11.04%	7.70	7.90	8.10	8.20	8.40	8.60	8.80
	11.29%	7.50	7.70	7.80	8.00	8.20	8.40	8.60
	11.54%	7.30	7.50	7.60	7.80	8.00	8.10	8.30

Source: CFO SIM

Table 10 – Valtecne, equity value sensitivity to changes in risk-free rate and Equity Risk Premium

€ per share		Equity Risk Premium						
		8.25%	8.50%	8.75%	9.00%	9.25%	9.50%	9.75%
Risk-free	2.90%	9.90	9.70	9.40	9.20	8.90	8.70	8.50
	3.15%	9.70	9.40	9.20	8.90	8.70	8.50	8.30
	3.40%	9.40	9.20	8.90	8.70	8.50	8.30	8.10
	3.65%	9.20	8.90	8.70	8.50	8.30	8.10	7.90
	3.90%	8.90	8.70	8.50	8.30	8.10	7.90	7.70
	4.15%	8.70	8.50	8.30	8.10	7.90	7.70	7.50
	4.40%	8.50	8.30	8.10	7.90	7.70	7.50	7.40

Source: CFO SIM



Market Multiples

Valtecne is as a contract manufacturer that operates as a first, second or third level supplier of high-precision mechanical parts for industrial processing as well as instruments for orthopaedic surgery and implantable components.

We set up a **peer group of companies operating as contract manufacturers of high-precision components for several end-industries and medical devices**, or that have a division focused on these activities. It should be underlined that **currently there is not a proper peer of Valtecne listed on a stock exchange**. In fact, some of the following companies differ from Valtecne in terms of end-markets served and geographical reach. In addition, unlike Valtecne, they also deal with the component design phase.

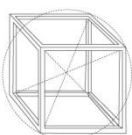
Our peer group encompasses the following companies:

Integer Holdings Corp: a US-based manufacturer of medical device components used by OEMs in the medical industry. The company also develops batteries used in non-medical applications in the energy, military, and environmental markets. The firm organizes itself into two business segments based on the product type: medical and non-medical. The medical segment uses the firm's technologies to produce components and finished medical devices, and it generates most of the revenue. The company earns more than half of its revenue in the United States.

Jabil Inc: a contract manufacturer located in the United States that offers design, production and product management services. It offers Fabrication and Assembly, Supply Chain Management, Fabrication and Assembly Supply Chain Management sourcing and procurement, integrated design and engineering, among others. Jabil caters to a wide range of industries, such as aerospace, automotive, consumer, defense, industrial, healthcare institutions, instrumentation, capital equipment, wearable technologies, medical, mobility and telecommunications, storage and printing industries.

Lisi SA: a France-based manufacturer of fasteners and assembly components for the Aerospace, Automotive, and medical implants industries. LISI designs and delivers parts, components, and high-tech devices for large international companies, such as Airbus, Boeing, BMW, CFAN, Mercedes, PSA, Renault, Safran, VW Group, and Stryker Corporation. Its business is structured in three main areas: 1) LISI Aerospace, 2) LISI Automotive and, 3) LISI Medical. The company's portfolio includes such products as fasteners, engine components and special parts for the aerospace industry; threaded fasteners, clipped solutions and mechanical safety components for the automotive industry, and dental components, orthopaedic implants and surgical instruments for the medical market. The company also operates through Termax LLC and Manoir Aerospace.

Scanfil Oyj: a Finland-based contract manufacturer and systems supplier in the telecommunications and electronics industries. The company's telecommunications products comprise equipment systems for mobile and telecommunications networks, network integration, as well as assemblies and testing of telecommunications modules. Additionally, Scanfil Oyj offers supply chain management services, such as sourcing and purchasing, planning of production processes and technologies, manufacture of prototype series, transfer to serial production, product testing, as well as logistics management. Its business is divided into two geographical areas: Asia, where two subsidiaries operate in China, and Europe, including Finland, Hungary, and Estonia.



Vimi Fasteners SpA: an Italy-based B2B provider for industrial companies, with a focus on mechanical components. It operates in the automotive, industrial engines and vehicles, oil and gas, aerospace, and motorsport markets. It provides a wide range of products and services for different applications, such as Engines, Turbochargers, Manifold and Exhaust Systems, Power Transmissions, Braking Systems, Suspensions and Wheels. The Engines offering includes design and production of fastener systems to assemble engine-critical components; Manifold and Exhaust Systems offers fasteners used in high temperature applications; Power Transmissions provides high fatigue resistance fastener systems; Braking Systems embraces braking system-related fastener systems developed in partnership with other companies. It mainly operates in Germany, US, and China.

West Pharmaceutical Services Inc.: a US-based manufacturer engaged in the design and production of integrated containment and delivery systems for injectable drugs and healthcare products. It operates through two segments: Proprietary Products and Contract-Manufactured Products. The Proprietary Products segment offers proprietary packaging, containment solutions, and drug delivery products, along with analytical lab services and other integrated services and solutions. The Contract-Manufactured Products segment serves as a fully-integrated business, focused on the design, manufacture, and assembly of complex devices, primarily for pharmaceutical, diagnostic, and medical device customers. This segment manufactures customer-owned components and devices used in surgical, diagnostic, ophthalmic, injectable, and other drug delivery systems.

Table 11 – Valtecne, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₄₋₂₇	EBITDA CAGR ₂₄₋₂₇	EBIT CAGR ₂₄₋₂₇	ROCE FY1	NFP/ EBITDA
Integer Holdings Corp	US	3,693	1,715	376	21.9%	7.3%	8.2%	18.1%	11.9%	n.a.
Jabil Inc	US	13,845	25,820	2,009	7.8%	3.0%	5.7%	8.0%	23.9%	0.4
Lisi SA	FR	1,369	2,008	254	12.7%	7.9%	10.7%	19.0%	6.9%	1.8
Scanfil Oyj	FI	591	847	81	9.5%	6.7%	7.0%	8.6%	15.3%	0.1
Vimi Fasteners SpA	IT	14	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Pharmaceutical Services Inc	US	14,747	2,648	652	24.6%	3.0%	2.9%	4.4%	n.a.	n.m.
Median		2,531	2,008	376	12.7%	6.7%	7.0%	8.6%	13.6%	0.4
Valtecne SpA	IT	40	37	10	22.8%	11.7%	16.5%	15.8%	17.2%	0.1

Sources: CFO SIM, Refinitiv Workspace

Table 12 – Valtecne, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Integer Holdings Corp	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jabil Inc	0.57	0.53	0.49	7.3	6.6	6.1
Lisi SA	0.91	0.83	0.82	7.2	6.2	6.1
Scanfil Oyj	0.71	0.66	0.61	7.4	6.8	6.4
Vimi Fasteners SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Pharmaceutical Services Inc	5.31	4.85	4.68	21.5	18.9	18.2
Median	0.81	0.74	0.72	7.3	6.7	6.3
Valtecne SpA	1.13	0.97	0.82	4.3	3.6	2.9
% premium/(discount) to peers	39.5	30.6	13.7	(41.9)	(46.8)	(53.4)

Sources: CFO SIM, Refinitiv Workspace

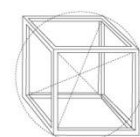


Table 13 – Valtecne, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Integer Holdings Corp	n.a.	n.a.	n.a.	18.7	16.7	14.5
Jabil Inc	10.7	9.5	8.5	15.3	14.0	12.8
Lisi SA	13.0	10.4	9.6	15.8	12.4	11.8
Scanfil Oyj	10.1	9.2	8.6	13.0	12.0	11.4
Vimi Fasteners SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Pharmaceutical Services Inc	27.8	23.5	22.1	35.6	30.8	28.9
Median	11.8	9.9	9.1	15.8	14.0	12.8
Valtecne SpA	7.8	6.4	5.0	11.6	10.1	8.7
% premium/(discount) to peers	(34.1)	(36.1)	(44.9)	(26.3)	(27.7)	(32.3)

Sources: CFO SIM, Refinitiv Workspace

We applied the medians of the peer group's EV/EBITDA multiples, discounted by an arbitrary 10%, to Valtecne's metrics using estimates for 2025-26 and weighted multiples at 50% for both years. As a result, we attained an **equity valuation of Valtecne equal to € 9.90/s, 16.5% higher compared to our DCF-based valuation.**

As all companies included in the peer group draw up their financial statements in accordance with either IFRS or US GAAP, Valtecne's EBITDA and Net Financial Position figures are provided on an adjusted basis (i.e. compliant with the IFRS-16 accounting principle).

Table 14 – Valtecne, equity assessment, 1#3

€ m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Valtecne metric	36.8	39.6	42.4	9.7	10.8	11.8
Median Peers (x)	0.81	0.74	0.72	7.3	6.7	6.3
Enterprise Value	26.8	26.5	27.4	64.4	65.1	66.8
Adjusted Net Financial Position	(1.3)	1.8	5.8	(1.3)	1.8	5.8
Pension Provision	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Minorities valued at 10x	(4.3)	(4.8)	(5.3)	(4.3)	(4.8)	(5.3)
Valtecne Equity Value	20.9	23.2	27.5	58.5	61.7	66.9
Valtecne Equity Value € /s	3.40	3.80	4.50	9.60	10.10	10.90
% upside/(downside)	(47.7)	(41.5)	(30.8)	47.7	55.4	67.7

Sources: CFO SIM, Refinitiv Workspace

Table 15 – Valtecne, equity assessment, 2#3

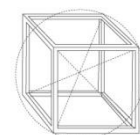
€ m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Valtecne metric	5.3	6.1	6.9	3.4	3.9	4.6
Median Peers (x)	11.8	9.9	9.1	15.8	14.0	12.8
Enterprise Value	56.7	54.2	56.4	48.6	49.6	52.9
Adjusted Net Financial Position	(1.3)	1.8	5.8			
Pension Provision	(0.3)	(0.3)	(0.3)			
Minorities	(4.3)	(4.8)	(5.3)			
Valtecne Equity Value	50.8	50.8	56.6	48.6	49.6	52.9
Valtecne Equity Value € /s	8.30	8.30	9.30	8.00	8.10	8.70
% upside/(downside)	27.7	27.7	43.1	23.1	24.6	33.8

Sources: CFO SIM, Refinitiv Workspace

Table 16 – Valtecne, equity assessment, 3#3

€	FY1	FY2	FY3
EV/Adjusted EBITDA	9.60	10.10	10.90
Weighting	50.0%	50.0%	0.0%
Equity Value	9.90		
% upside/(downside)	52.3%		

Sources: CFO SIM, Refinitiv Workspace



Peer Stock Performance

Valtecne was listed on Euronext Growth Milan on 1-Mar-23 at € 5.00/share corresponding to a post-money market capitalisation of € 30.5m. **Valtecne now trades above the IPO price**, and reached an intraday 1Y maximum price of € 6.85/s on 23-Jan-25 and a minimum level of € 5.45/s on 25-Nov-24.

Table 17 – Valtecne, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Integer Holdings Corp	0.5	(0.5)	0.3	(10.5)	(6.8)	(10.5)	2.2
Jabil Inc	0.3	(8.0)	(3.6)	(5.2)	14.5	(5.2)	0.6
Lisi SA	0.7	(2.8)	4.8	33.4	11.4	33.4	24.1
Scanfil Oyj	(3.4)	(1.4)	(1.6)	9.5	25.2	9.5	8.0
Vimi Fasteners SpA	0.0	2.6	(3.4)	(11.2)	(11.2)	(11.2)	(29.4)
West Pharmaceutical Services Inc	(1.7)	(2.5)	(2.4)	(32.8)	(26.6)	(32.8)	(44.4)
Median	0.1	(2.0)	(2.0)	(7.9)	2.3	(7.9)	1.4
Valtecne SpA	1.6	4.8	5.7	(4.4)	11.1	(4.4)	6.9
MSCI World Index	0.6	(2.6)	(2.0)	(1.6)	(1.2)	(1.6)	6.6
EUROSTOXX	1.3	(2.7)	(0.6)	8.7	7.2	8.7	5.6
FTSE Italia All Share	1.3	(2.1)	2.1	12.0	13.5	12.0	10.3
FTSE Italia STAR	1.0	(3.0)	(2.4)	(3.8)	(5.4)	(3.8)	(9.9)
FTSE Italia Growth	0.6	(1.7)	0.4	(1.9)	(3.3)	(1.9)	(4.3)

Source: Refinitiv Workspace

Table 18 – Valtecne, relative performance

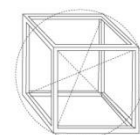
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	1.0	7.4	7.7	(2.8)	12.3	(2.8)	0.3
to EUROSTOXX	0.3	7.5	6.3	(13.2)	3.9	(13.2)	1.3
to FTSE Italia All Share	0.3	7.0	3.6	(16.5)	(2.4)	(16.5)	(3.4)
to FTSE Italia STAR	0.5	7.8	8.1	(0.6)	16.5	(0.6)	16.8
to FTSE Italia Growth	1.0	6.6	5.3	(2.5)	14.5	(2.5)	11.3
to Peers Median	1.4	6.8	7.7	3.5	8.8	3.5	5.5

Source: Refinitiv Workspace

Risks

The principal investment **risks** associated with Valtecne include:

- regulatory changes in the supplier accreditation processes may slow down top line growth;
- a limited M&A track record;
- the rise of new breakthrough technology may disrupt current production processes;
- an adverse macroeconomic environment could have an impact on the group's performance, although the company's reference markets, especially orthopaedics, are rather anticyclical and enjoy long-term favourable trends.



ANALYST CERTIFICATION

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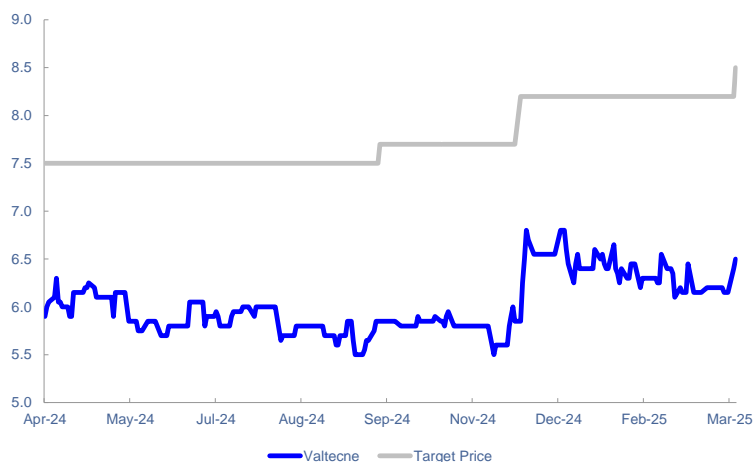
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DATE	TARGET PRICE	RATING
02/04/2025	€ 8.50	BUY
12/02/2025	€ 8.20	BUY
09/12/2024	€ 8.20	BUY
08/11/2024	€ 7.70	BUY
26/09/2024	€ 7.70	BUY
31/07/2024	€ 7.50	BUY
03/04/2024	€ 7.50	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated

