

Company: Health Italia Rating: Buy Target Price: €365 (from €430) Sector: Health Care Services, Welfare

A transition year towards Core excellence

April, 7th 2025 at 18:00

FY24 below our estimates. Focus on core

During 2024 Health Italia has focused on the needed procedures and extraordinary operations to streamline the Group structure and concentrate on its Core Business of Healthcare, Welfare and Medical Services. This led to a stable FY24 yoy and below what we had expected. *[Please refer to our Company Update on October 1st, 2024]*. Revenue declined slightly to €35.4mIn from €35.7mIn in 2023. EBITDA lost 5% yoy to €7.5mIn with margin down 1pp to 21%. Net income rose to €2.7mIn from €1.7mIn in 2023 for lower provisions, write-off extraordinary expenses. At the end of 2024, adj. Net debt declined to €7.9mIn (€6.2mIn reported) from €9.3mIn (€6.4mIn reported) a year earlier. Health Italia ESGe A high Rating has been confirmed and score improved to 73.4 from 72.4. Cerved confirmed its B1.2 rating.

Completing Real Estate spin-off. Extraordinary DPS

In 2023, Health Italia has started extraordinary corporate actions to lean the Group structure and focus on its Core businesses. Health Italia is now active in Healthcare, Welfare services and Medical Services only. Be Health (Nutraceutical) and Health Property (Real Estate) exited the Group perimeter. Be Health has been accounted as equity participation (21.8%), whereas Rebirth has been spun off and listed on the Euronext Growth Paris. Moreover, previously fully controlled Health Point (Medical Services) has been merged into Health Italia. Within the process of Rebirth spin-off and listing, the Group approved an extraordinary dividend in kind through the distribution of Rebirth shares in two tranches: 5.5mIn shares in January and additional 3mIn shares to be distributed in April.

2025-2026 estimates revision. Adding 2027E.

In 2023, Health Italia approved the 2024-2026 Business Plan setting the following 2026 targets: Revenue between €50-52mIn; EBITDA €12-14mIn and Net Cash of €15-16mIn. Amid FY24 results, we consider these targets to be achievable a year later and postponed by a year our 2025-2026 projections *[Please refer to our Company Update on October 1st, 2024]*. The original 2026 guidance is now our set of estimates in 2027. In 2025, we now expect €38.5mIn turnover (+9%yoy) of which €9.2mIn in Medical Services; we forecast EBITDA of €8.1mIn or 21% margin and net income at €3mIn thanks to lower provisions or write-off items. In terms of Balance Sheet, we see Net Debt down to €2.5mIn at the end of 2025 thanks to the almost complete exit of Rebirth, to Net Operating Working Capital improvement which will likely more than offset capex in Medical Care. In 2024-2027E, we project a 10% sales CAGR to €46.6mIn with EBITDA margin improving to 23% driven also by a higher value of Medical Services following the upgrade of medical equipment. At the end of 2027 we project Net Cash at €8.8mIn.

Valuation: price target cut to €365 ; BUY confirmed

We run DCF (8.1% WACC; €18.2mIn cumulated and €4.6mIn Terminal Value FCFs) ending up with €66.7mIn Equity Value (from €81.3mIn). Market Multiples show a 13.5x average EV/EBITDA 2025E, which compares to Health Italia's 3.1x. Over the past year, the Sample's 1-year forward EV/EBITDA appreciated by some 10%. Market Multiples approach led to an Equity Value of €79mIn (vs previous €110mIn). Lower DCF and relative valuation derive from missing FY24 and from P&L and Balance Sheet estimates postponement, which led to lower explicit Free Cash Flows (-20%), lower Terminal Value FCF (-20%) and higher Net debt at the end of 2024 (+15%). We therefore cut our 12-month target price to €365 from prior €430, but confirm BUY amid still significant potential upside on Health Italia current price.

Company Profile		
Target Price	365 €	from €430
Recommendation	BUY	unchanged
Company Profile		
Ticker	HI IM (BBG)	HHT (Factset)
Reference	Health Care, Medical services	
Stock Exchange	Italian Stock Exchange - Euronext	
Reference Index	FTSE Italia Small Cap	
Market Data		
Price as of	7/04/2025	98.8
Number of shares		189,780
Market capitalization (€, mln)		18.75
Max / Min		287/41.
Average daily volumes (1-year)		301

Main Financials	2023	2024	2025E	2026E	2027E
€ mIn					
Total Revenue	36.0	36.6	38.9	42.8	47.0
yoy (%)	-10%	2%	6%	10%	10%
EBITDA	7.9	7.5	8.1	9.3	10.7
margin (%)	22%	20%	21%	22%	23%
EBIT	4.6	5.8	6.3	7.4	8.8
margin (%)	13%	16%	16%	17%	19%
Net Income	1.7	2.7	3.0	3.7	4.7
margin (%)	5%	7%	8%	9%	10%
Net Debt	6.5	6.2	2.5	-2.5	-8.8
Equity	36.0	38.7	26.7	30.4	35.1
Capex	1.5	2.4	0.6	0.2	0.3
FCFs	4.0	0.7	4.7	6.2	7.3

Source: Banca Profilo estimates. Company data.

1-Year relative Performance



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SWOT analysis

STRENGTHS

- leadership in the Italian supplementary Healthcare and Welfare industry
- fully integrated business model including proprietary IT systems
- multi-channel diversified distribution model
- more than 20-year experienced top management

WEAKNESSES

- dependence on the strategic partner MBA
- geographical concentration in Italy
- small size in large global players competition

OPPORTUNITY

- high barriers to entry due to complex regulations in the supplementary Healthcare and Welfare industries
- increased penetration of supplementary Healthcare on total expenditure

THREATS

- Intensifying competition by Insurance companies

The Industry

Health Italia competitive arena: strategic positioning and competitive advantages

Global companies active in Italy

Competitors are companies offering fewer services in Healthcare and Welfare

The competitive scenario comprises global international companies active also in the Italian Healthcare and Welfare industries.

Main difference between Health Italia and other players is the range of offering: most of players in Italy focus on few services, whereas Health Italia is a fully integrated operator in Healthcare and Welfare solutions for corporate and individuals. We can divide the competitive arena in: Insurance brokers; Service providers; Corporate Welfare benefits and Medical Services including Telemedicine.

Figure 1: Main players active in Italy

Main competitors					
	Claim management	Client management	Promotion & Distribution	Welfare plans management	Telemedicine
Insurance brokers					
Marsh & McLennan (USA)	✓		✓		
Elevance Health (formerly Anthem) (USA)	✓		✓	✓	
AON Italia (non listed)			✓	✓	
Willis Towers Watson (USA)	✓		✓	✓	
Arthur J Galalgher (USA)	✓		✓	✓	
Humana (USA)	✓		✓		
Service providers and independent Third Party Administrator					
Blue Assistance (non listed)	✓	✓			
IMA Italia assistance (non listed)	✓	✓			
Previmedical (non listed)	✓	✓			
Corporate Welfare and Flexible benefits					
Edenred (FR)				✓	
Double You (non listed)				✓	
Telemedicine					
Health Telematic Network (non listed)					✓
Medica Group (UK)					✓
Integrated Health and Welfare services					
Health Italia	✓	✓	✓	✓	✓

Source: Banca Profilo on Company data

Listed insurance brokers

Marsh FY24: \$24bn revenue (+8% yoy); \$7bn EBITDA

Elevance FY24: \$177bn revenue (+3% yoy); \$12bn EBITDA

Among listed Insurance brokers we have selected: Marsh&McLennan, Elevance Health (ex Anthem), AON, Willis Towers Watson, Arthur J Galalgher, Humana and Clover Health.

Healthcare, Retirement and Wellbeing solutions for workforce. The Group helps organizations manage its human resources by improving Healthcare outcomes and long-term financial security. 50% of revenue comes from US customers and 30% from Europe.

Elevance Health (formerly known as Anthem) is a US Company that provides Healthcare, Life Insurance and Welfare benefits plans to corporates, individuals, but also Medicaid and Medicare markets, under many US brands in numerous states across the US.

Aon FY24: \$16bn revenue (+17% yoy); \$5bn EBITDA

Aon is a US company active in insurance brokerage and corporate advisory related to Healthcare, Welfare benefits, Retirement, Compensation and Strategic management of human capital to attract and retain employees.

Willis Towers Watson FY24: \$10bn revenue (+5% yoy); \$3bn EBITDA

Willis Towers Watson is a US Company providing a range of insurance brokerage and risk management consulting services worldwide. Its clients include large corporations, governments, and private individuals. The Company provides brokerage, advisory, software, and other services for human resource teams, including retirement (pension and savings plans), healthcare and other benefits (medical, dental, life, and other coverage) plans.

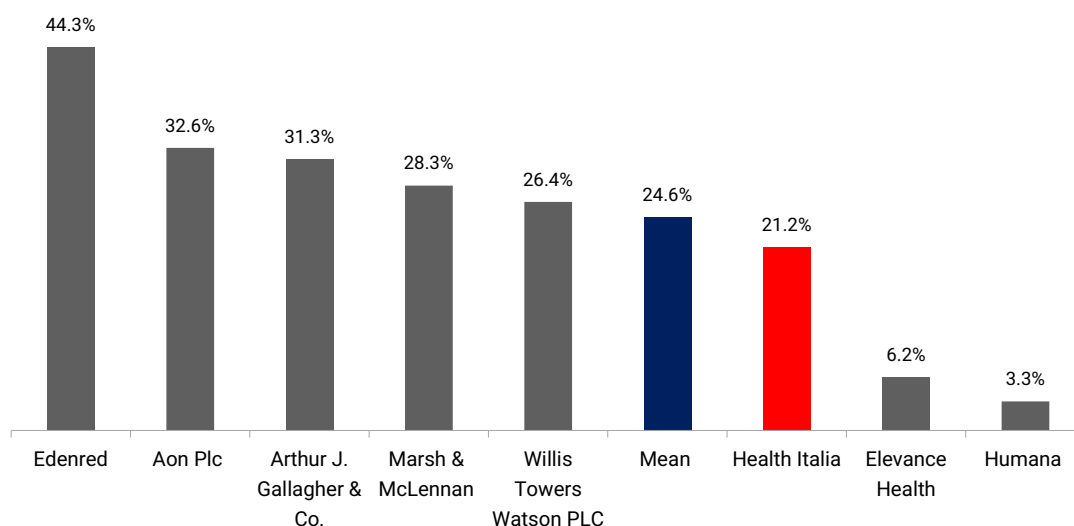
Arthur J Gallagher FY24: \$11bn revenue (+14% yoy); \$4bn EBITDA

Arthur J. Gallagher is a US company providing insurance brokerage, employee benefits in four areas: Human capital and benefit (40% of sales) providing brokerage to the Human Resources Department and employee benefits; corporate risk and broking (35%); investment, risk and reinsurance; benefits delivery and management (10%) providing primary medical and ancillary services to employees and retirees. The US accounts for more than 50% of revenue.

Humana FY24: \$117bn revenue (+10% yoy); \$5bn EBITDA

Humana is a US leading Health and Well-being company providing Health insurance coverage and access through Health care networks. Healthcare insurance makes 85% of revenue, whereas the rest comes from primary care centres, hospices, pharmacy, home solutions operations.

Figure 2: Main international listed players in the Industry – EBITDA margin 2024



Source: Banca Profilo on Health Italia, Factset consensus as of March 2025

Peers' EBITDA FY24

In terms of EBITDA margin in 2024, with 21% margin Health Italia ranks just below the Sector's average.

Service providers: Blue Assistance, IMA Italia Assistance, Previmedical

The three selected service providers and independent third-party Administrators are all non-listed Italian companies. They provide claim and client management supporting Healthcare insurance companies, brokers, and mutualistic funds.

Corporate Welfare providers

Among Corporate Welfare and Flexible benefits providers, we selected the French listed Edenred and the non-listed Italian Double You.

Edenred FY23: €2bn (+24% yoy); €1bn EBITDA

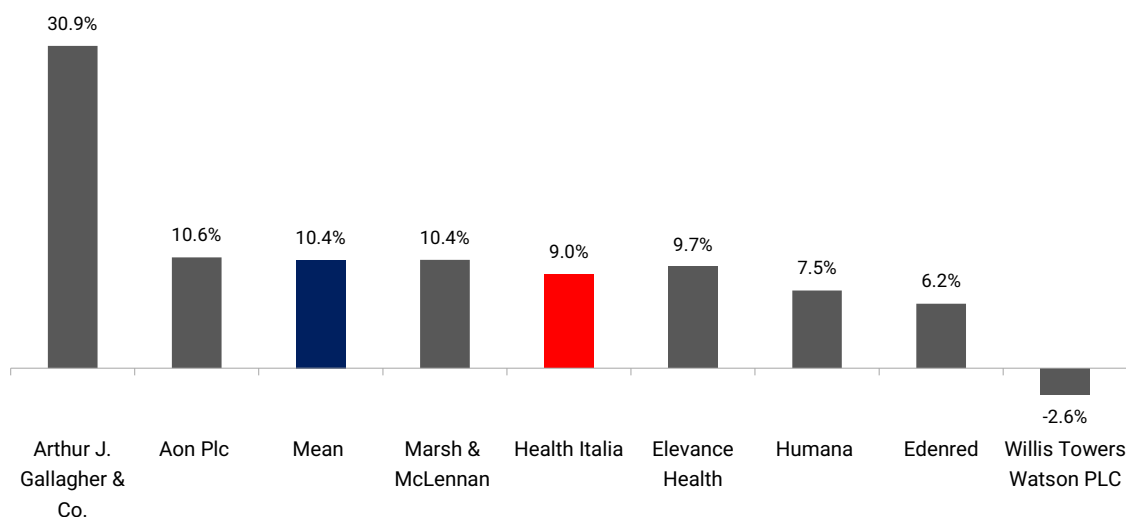
Edenred is a French company offering Corporate Welfare benefits which range from food to transportation, healthcare, training to incentives as employee engagement platforms. It offers solutions for companies wishing to make life easier for their employees and improve their well-

being and purchasing power in several areas, including meals, food, transportation, healthcare, training, human services, purchases of environmentally friendly products.

Medical services - Telemedicine: Health Telematic Network

Among companies offering medical services, we highlight the Italian non-listed Health Telematic Network which delivers certified Telemedicine Services through a network of medical specialists and nurses partnering with pharmacies and hospitals.

Figure 3: Main international listed players in the Industry – yoy expected growth in 2025



Source: Banca Profilo forecast on Health Italia, Factset consensus as of March 2025

Peers' growth FY25E

In terms of expected revenue growth in 2025, Health Italia ranks just below peers' average.

Market multiples

A selected panel of listed peers

To assess a relative valuation of Health Italia through the market multiples approach, we used our panel of listed peers and the EV/EBITDA multiple for 2025E.

The selected peers are: Marsh & McLennan, Aon, Willis Towers Watson, Arthur J. Gallagher, Elevance Health, Humana, Edenred.

Table 1: Sample benchmarking on revenue growth and EBITDA margin

	Currency	Market Cap (mln)	Enterprise Value (mln)	Sales growth				EBITDA margin			
25/03/2025				2022	2023	2024	2025E	2022	2023	2024	2025E
Marsh & McLennan	USD	116,211	133,953	4.5%	8.9%	8.3%	10.4%	26.5%	27.8%	28.3%	29.1%
Aon Plc	USD	85,567	101,807	2.3%	7.2%	17.4%	10.6%	32.0%	32.5%	32.6%	33.4%
Willis Towers Watson PLC	USD	33,689	37,359	-1.5%	7.0%	4.7%	-2.7%	26.9%	25.6%	26.4%	27.5%
Arthur J. Gallagher & Co.	USD	85,926	84,060	4.3%	17.9%	14.9%	24.8%	30.3%	30.2%	31.3%	34.0%
Humana	USD	33,042	42,612	11.8%	14.5%	10.7%	7.5%	4.9%	5.1%	3.3%	3.2%
Elevance Health	USD	96,277	119,332	13.7%	9.3%	2.9%	10.0%	6.4%	6.7%	6.2%	6.1%
Edenred	EUR	7,574	9,479	24.8%	23.8%	13.6%	5.9%	41.2%	43.5%	44.3%	44.4%
Mean				8.6%	12.7%	10.4%	9.5%	24.0%	24.5%	24.6%	25.4%
Health Italia	EUR	22.3	24.9	-0.9%	-9.1%	-0.9%	9.0%	20.3%	22.0%	21.2%	20.6%

Source: Banca Profilo estimates and elaborations on Factset

Peers average EV/EBITDA 25E: 14.1x

The selected sample of peers trades at the Median of 14.1x EV/EBITDA 25E. This compares to 3.1x at which Health Italia trades, showing more than 75% discount only partially due to lower EBITDA margin, smaller growth potential and little liquidity.

Table 2: Market multiples

Company	EV / EBITDA
25/03/2025	2025E
Marsh & McLennan	17.1x
Aon Plc	17.5x
Willis Towers Watson PLC	14.1x
Arthur J. Gallagher & Co.	17.3x
Humana	10.6x
Elevance Health	10.2x
Edenred	7.1x
Median	14.1x
Health Italia	3.1x
premium (discount) on best peers	-78%

Source: Factset. All multiples are calendarised

Source: Banca Profilo estimates and elaborations on Factset

Market multiples one-year trend: re-rating

Over the past year, the average 1-year forward EV/EBITDA of the selected peers' sample showed a 10% rerating. It reached a maximum of 12.8x just recently. The one-year average is 11.8x.

Figure 4: 1-year forward EV/EBITDA trend



Source: Banca Profilo estimates and elaborations on Factset

FY24 results

Real Estate spin off and focus on Core businesses

FY24 missed our
FY24 projections
Efforts on Group
streamlining to focus
on Core

Health Italia reported FY24 below our estimates.

The Company with its management concentrated most of its efforts to complete the disposal of non-core businesses (Real Estate and Nutraceutical), finalizing the process of Group perimeter optimization (merger of Health Point into Health Italia) to focus on Core activities.

In 2024, Turnover was basically unchanged at €35.4mln (-1%). The figure is 9% below our forecast (€38.9mln), due to the weaker performance of Healthcare and Services (-13% vs our forecast), whereas Medical services reported €8.4mln revenue, beating our €8mln estimate.

Table 3: Profit & Loss FY 2019-2024

Profit & Loss								
	€mln	2019	2020	2021	2022	2023	2024	2024E
Healthcare and Services		27.9	27.2	29.2	28.1	28.6	27.0	30.9
Medical services including Telemedicina		1.5	3.1	8.1	9.5	7.1	8.4	8.0
Nutraceutical & Cosmeceutical		1.4	1.6	2.0	0.9	0.0	0.0	0.0
Real estate		0.7	0.3	0.2	0.7	0.0	0.0	0.0
Turnover		31.5	32.2	39.6	39.2	35.7	35.4	38.9
	yoy		2%	23%	-1%	-9%	-1%	9%
other revenue		0.3	0.6	0.9	0.7	0.3	1.2	0.3
	% on turnover	1%	2%	2%	2%	1%	3%	1%
Total Revenue		31.8	32.8	40.5	39.9	36.0	36.6	39.2
	yoy		3%	23%	-1%	-10%	2%	9%
raw materials cost		(0.9)	(0.6)	(0.4)	(0.4)	(0.2)	(0.2)	(0.3)
	% on turnover	3%	2%	1%	1%	0%	1%	1%
cost of services		(20.6)	(20.5)	(26.4)	(25.9)	(22.9)	(23.8)	(25.1)
	% on turnover	66%	64%	67%	66%	64%	67%	65%
third party use		(0.0)	(0.2)	(0.3)	(0.3)	(0.2)	(0.2)	(0.3)
	% on turnover	0%	1%	1%	1%	1%	1%	1%
labour cost		(6.5)	(4.7)	(4.9)	(4.9)	(4.4)	(4.5)	(4.6)
	% on turnover	21%	15%	12%	12%	12%	13%	12%
other operating costs		(0.8)	(0.6)	(0.7)	(0.5)	(0.4)	(0.3)	(0.5)
	% on turnover	3%	2%	2%	1%	1%	1%	1%
EBITDA		2.8	6.3	7.8	8.0	7.9	7.5	8.5
	margin	9%	19%	20%	20%	22%	21%	22%
# employees		181	147	122	115	99	103	101
labor cost per unit		(0.04)	(0.03)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)
D&A		(1.4)	(1.6)	(1.4)	(1.5)	(1.3)	(1.1)	(1.3)
	% on turnover	4%	5%	4%	4%	4%	3%	3%
provisions and write off		(1.3)	(1.6)	(1.2)	(0.5)	(2.0)	(0.6)	(1.1)
EBIT		0.2	3.0	5.3	5.9	4.6	5.8	6.1
	margin	0%	9%	13%	15%	13%	16%	16%
net financial income (expenses)		3.6	(0.2)	(0.6)	(0.8)	(0.5)	(0.5)	(0.6)
	% on turnover	-11.3%	0.6%	1.5%	2.1%	1.3%	1.3%	1.6%
extraordinary income (expenses)		(1.4)	(1.3)	(2.1)	0.4	(0.9)	(1.3)	(0.6)
EBT		2.3	1.5	2.6	5.5	3.3	4.1	4.9
	margin	7%	5%	6%	14%	9%	11%	13%
taxes		(1.5)	(0.3)	(1.4)	(1.8)	(1.6)	(1.4)	(1.7)
	tax rate	66%	17%	55%	32%	49%	35%	35%
Net income		0.8	1.2	1.1	3.7	1.7	2.7	3.2
	% on turnover	3%	4%	3%	9%	5%	8%	8%

Source: Banca Profilo on Company data

Welfare services and new hirings slightly weakened marginality

Net debt declined slightly to €6.2m at the end of 2024

EBITDA declined 5% yoy to €7.5m with margin worsening 1% to 21% for higher cost of services and labor cost coming from lower marginality of Welfare services and some new hirings in 2024. FY24 EBITDA came in some 12% below our estimate with marginality 80bps lower than what we were expecting.

Very little provisions and write off compared to 2023 allowed Net Income to grow 60% yoy in 2024 to €2.7m with net margin to improve 3% to 8%, which was in line with our forecast.

Regarding the Balance Sheet, at the end of December in 2024, Net Debt declined to €6.2m from €6.4m a year earlier, driven by Net Income which offset the increase in Net Invested Capital. Net debt at the end of 2024 was higher than our forecast as we had projected lower capex (€0.4m vs €2m) as we had excluded new equity participation and lower Net Operating Working capital increase, especially lower receivables and larger payables.

Tangibles declined and Financial assets increased for additional Equity participation

In details, Fixed assets changed their composition. Within the Tangibles, a Real Estate asset owned by Health Italia has been conferred to Rebirth for some €2m, increasing the value of Assets for Sale. Financial long-term assets rose to €6.3m at the end of 2024 from €4.4m a year earlier as the Group acquired 40% of Ethicoin, which is, a software developer and subscribed the capital increase of MBA. Assets for sale increased also for the capital increase in Rebirth.

Table 4: Balance Sheet 31.12.2024 and Free Cash Flow FY24

Balance Sheet								
	€m	2019	2020	2021	2022	2023	2024	2024E
tangibles		20.7	17.6	14.2	17.2	4.4	2.7	2.1
intangibles		5.7	5.5	5.5	4.6	3.3	3.4	3.7
financials		3.0	4.5	6.9	6.8	4.4	6.3	5.5
Fixed assets		29.4	27.5	26.7	28.6	12.1	12.4	11.3
assets for sale						12.8	16.5	14.8
inventories		3.0	2.8	1.9	1.7	0.0	0.0	0.0
trade receivables		17.3	20.1	22.7	31.7	32.4	30.2	32.2
trade payables		(11.1)	(11.2)	(11.4)	(13.6)	(13.8)	(9.8)	(13.6)
Net operating Working Capital		9.1	11.8	13.2	19.8	18.6	20.5	18.6
% on turnover		29%	37%	33%	50%	52%	58%	48%
inventories (% turnover)		10%	9%	5%	4%	0%	0%	0%
trade receivables (% turnover)		55%	62%	57%	81%	91%	86%	83%
trade payables (% COGS)		52%	53%	42%	52%	60%	41%	54%
other net current asset (debt)		(1.0)	1.4	2.2	(2.0)	1.5	(1.4)	1.5
Capex		7.7	1.2	1.5	4.0	1.5	2.4	0.4
tangible		6.9	1.0	0.9	3.9	1.5	2.0	0.0
intangibles		0.8	0.3	0.5	0.2	0.0	0.3	0.4
% on turnover		25%	4%	4%	10%	4%	7%	1%
Provisions		(2.5)	(3.0)	(3.3)	(2.7)	(2.6)	(3.2)	(2.6)
Invested Capital		35.0	37.7	38.8	43.7	42.4	44.9	43.5
shareholders' equity		18.4	18.7	18.9	18.9	18.9	18.9	18.9
reserves		5.3	6.6	8.0	9.1	15.1	16.9	16.8
net income		0.8	1.2	1.1	3.7	1.7	2.7	3.2
minorities		1.7	0.8	0.4	0.6	0.2	0.3	0.2
Equity		26.1	27.3	28.5	32.4	36.0	38.7	39.2
Net debt (cash)		8.9	10.4	10.3	11.3	6.5	6.2	4.4

Free Cash Flows							
	€mln	2020	2021	2022	2023	2024	2024E
EBIT		3.0	5.3	5.9	4.6	5.8	6.1
tax (figurative)		(1.8)	(2.0)	(1.6)	(1.6)	(2.0)	(2.1)
D&A		1.6	1.4	1.5	1.3	1.1	1.3
change in Net Working Capital		(2.6)	(1.4)	(6.6)	1.2	(1.9)	(0.0)
capex		(1.2)	(1.5)	(4.0)	(1.5)	(2.4)	(0.4)
Free Cash Flow		(1.0)	1.7	(4.8)	4.0	0.7	5.0

Source: Banca Profilo on Company data

Gross Free Cash Flow at €4.9mln in FY24 Overall, Health Italia generated €0.7mln Free Cash Flow in FY24 as most of EBIT had been used for investments in Working Capital and long-term assets. In fact, Free Cash Flow before Capex and Net Working Capital absorption was €4.9mln in 2024.

Strategy Update

Corporate strategy and guidance to be updated

Real estate spin-off completed	In 2023, Health Italia started extraordinary corporate actions to lean the Group structure and focus on its Core businesses. Health Italia is now active in Healthcare, Welfare services and Medical Services only.
Extraordinary DPS: a second tranche to come	Be Health (Nutraceutical) and Health Property (Real Estate) exited the Group perimeter. Be Health has been accounted as equity participation (21.8%), whereas Rebirth has been spun off and listed on the Euronext Growth Paris. Moreover, previously fully controlled Health Point (Medical Services) has been merged into Health Italia. Within the process of Rebirth spin-off and listing, the Group approved an extraordinary dividend in kind through the distribution of Rebirth shares in two tranches. In January, 5.5mln Rebirth shares have been offered as extraordinary dividend in kind. By April, a second tranche of additional 3mln Rebirth shares will be offered. Following this second, the Rebirth stake offered as extraordinary dividend will have been approximately 39%, down from originally held 43.5%.
Re-focusing on Core businesses:	The re-focusing process on Core business on Healthcare plans and Medical services will allow the Company to take opportunities from the growing trend and need of supplementary Healthcare and Welfare in Italy. In Medical Care, Health Italia approved investment in new equipment for high diagnosis which will increase the average value of services. Growth in Telemedicine and Health Point will strengthen Health Italia positioning and direct presence in structures focused on human well-being. The development of its multi-channel distribution network, especially the online arm, will further drive Group's organic growth. Finally, persisting attention on digital innovation led to the 40% equity participation in Ethicon, active in software development and will: i) lead to internal processes optimization; ii) improve customer experience and ii) accelerate the time to market of a comprehensive Welfare offering.
Healthcare plans promotion;	
Welfare;	
New equipment for high diagnosis in Medical Care;	
Ethicon acquisition	

Our 2025E-2026E estimates revision. Adding 2027E.

2026 business plan targets to be updated

In July 2023, Health Italia BoDs approved the 2024-2026 Business Plan setting the following 2026 targets: Total Revenue between €50-52mln; EBITDA in the range €12-14mln and move to a Net Cash Position of €15-16mln.

Amid FY24 results, we consider these targets to be achievable a year later and decided to postpone by a year our 2025-2026 previous projections [*Please refer to our Company Update on October 1st, 2024*]. Therefore, the original 2026 guidance is now our set of estimates in 2027.

We moved 1- year forward our 2025-2026 estimates

In 2025, we now expect turnover to grow 9%yoy to €38.5mln. This compares to our previous forecast at €42.8mln or +10% yoy. Sales now include €29.4mln in Healthcare and Services (vs previous €32.9mln) and €9.2mln in Medical Services (vs prior €9.9mln).

We estimate EBITDA at €8.1mln (+8% yoy) or 21% margin (unchanged) from respectively €9.9mln and 23% in our previous forecast, as we increased by 100bps the incidence of both cost of Services to 65% and of Labour cost to 12% due to new hirings in Health Assistance.

Nevertheless, these represent an improvement to 67% and 13% respectively in 2024.

We project Net Income to grow 8% yoy to €3mln thanks to lower provisions or write-off for the exit of non-core businesses.

Net debt down to €2.5mln this year

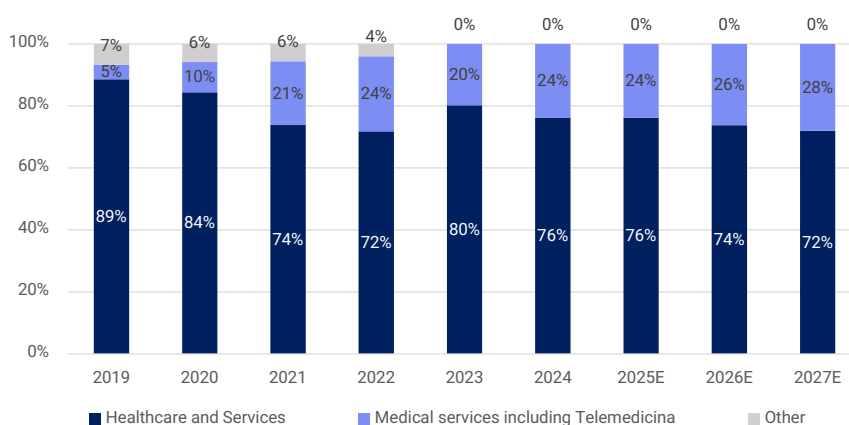
In terms of Balance Sheet, at the end of 2025 we see Net Debt down to €2.5mln from a reported €6.2mln at the end of last year, given the almost complete exit of Rebirth, to Net Operating Working Capital improvement (-5 pp of incidence on Turnover) which more than offset the investments in the Medical Care Centre with top of the edge high-diagnostic equipment and the remaining part software development funding. Our current Net Debt forecast is far worse than our previous €12mln net cash but derives from the distribution of the extraordinary dividend in kind to exit from Real Estate.

Medical Services to increase its weight on Turnover to almost 30% in 2027E

In 2024-2027E we project a 10% sales CAGR to €46.6mln. As said, these figures were respectively our previous expected 2023-2026E sales CAGR and target in 2026. They were below Company's 2026 sales target at €50-52mln.

We estimate Medical Services to extend its contribution to sales to almost 30% at the end of our period of explicit estimates.

Figure 5: Turnover breakdown 2019-2027E



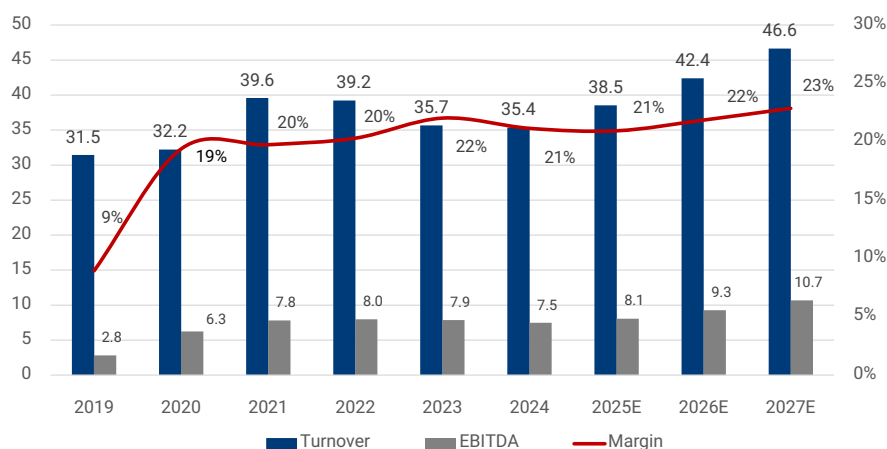
Source: Banca Profilo estimates and elaborations

EBITDA margin improving 200bps to 23% in 2027E

In 2024-2027E EBITDA margin is seen improving 200bps to 23%. Previous target was 24% in 2026E. This EBITDA margin enhancement will be driven by: i) concentration on Core businesses; ii) Revenue growth and better mix with higher value of Medical

Services; iii) smaller incidence of COGS (-300bps to 64%); iv) operating leverage with declining incidence of Labour cost (-100bps to 12%).

Figure 6: Revenue, EBITDA and margin 2019-2027E



Source: Banca Profilo estimates and elaborations

Stable D&A

Amid deconsolidation of Health Property and Be Health, we adjusted the Balance Sheet with the effect of lower D&A starting from 2023. Starting this year some additional D&A sill come from new Capex. We now see D&A at some €1.3mln over 2025-2027.

Table 5: Profit & Loss 2019-2027E old-new estimates

Profit & Loss													
	€mln	2019	2020	2021	2022	2023	2024	2024E	2025E old	2025E new	2026E old	2026E new	2027E new
Healthcare and Services		27.9	27.2	29.2	28.1	28.6	27.0	30.9	32.9	29.4	35.3	31.3	33.6
Medical services including Telemedicina		1.5	3.1	8.1	9.5	7.1	8.4	8.0	9.9	9.2	11.7	11.1	13.1
Nutraceutical & Cosmeceutical		1.4	1.6	2.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real estate		0.7	0.3	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turnover		31.5	32.2	39.6	39.2	35.7	35.4	38.9	42.8	38.5	47.0	42.4	46.6
	yoy			2%	23%	-1%	-9%	9%	10%	9%	10%	10%	10%
other revenue		0.3	0.6	0.9	0.7	0.3	1.2	0.3	0.4	0.3	0.4	0.4	0.4
	% on turnover	1%	2%	2%	2%	1%	3%	1%	1%	1%	1%	1%	1%
Total Revenue		31.8	32.8	40.5	39.9	36.0	36.6	39.2	43.1	38.9	47.5	42.8	47.0
	yoy			3%	23%	-1%	-10%	9%	10%	6%	10%	10%	10%
raw materials cost		(0.9)	(0.6)	(0.4)	(0.4)	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.3)
	% on turnover	3%	2%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%
cost of services		(20.6)	(20.5)	(26.4)	(25.9)	(22.9)	(23.8)	(25.1)	(27.4)	(25.2)	(29.9)	(27.5)	(30.0)
	% on turnover	66%	64%	67%	66%	64%	67%	65%	64%	65%	64%	65%	64%
third party use		(0.0)	(0.2)	(0.3)	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
	% on turnover	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
labour cost		(6.5)	(4.7)	(4.9)	(4.9)	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(4.9)	(5.1)	(5.4)
	% on turnover	21%	15%	12%	12%	12%	13%	12%	11%	12%	10%	12%	12%
other operating costs		(0.8)	(0.6)	(0.7)	(0.5)	(0.4)	(0.3)	(0.5)	(0.5)	(0.3)	(0.6)	(0.4)	(0.4)
	% on turnover	3%	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
EBITDA		2.8	6.3	7.8	8.0	7.9	7.5	8.5	9.9	8.1	11.5	9.3	10.7
	margin	9%	19%	20%	20%	22%	21%	22%	23%	21%	24%	22%	23%
# employees		181	147	122	115	99	103	101	102	103	103	104	105
labor cost per unit		(0.04)	(0.03)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
D&A		(1.4)	(1.6)	(1.4)	(1.5)	(1.3)	(1.1)	(1.3)	(1.4)	(1.2)	(1.4)	(1.3)	(1.3)
	% on turnover	4%	5%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%
provisions and write off		(1.3)	(1.6)	(1.2)	(0.5)	(2.0)	(0.6)	(1.1)	(0.9)	(0.6)	(0.8)	(0.6)	(0.6)
EBIT		0.2	3.0	5.3	5.9	4.6	5.8	6.1	7.5	6.3	9.3	7.4	8.8
	margin	0%	9%	13%	15%	13%	16%	16%	18%	16%	20%	17%	19%
net financial income (expenses)		3.6	(0.2)	(0.6)	(0.8)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)
	% on turnover	-11.3%	0.6%	1.5%	2.1%	1.3%	1.3%	1.6%	1.5%	1.6%	1.2%	1.4%	1.1%
extraordinary income (expenses)		(1.4)	(1.3)	(2.1)	0.4	(0.9)	(1.3)	(0.6)	(0.7)	(1.1)	(0.6)	(1.1)	(1.1)
EBT		2.3	1.5	2.6	5.5	3.3	4.1	4.9	6.2	4.7	8.1	5.7	7.2
	margin	7%	5%	6%	14%	9%	11%	13%	15%	12%	17%	13%	15%
taxes		(1.5)	(0.3)	(1.4)	(1.8)	(1.6)	(1.4)	(1.7)	(2.2)	(1.6)	(2.8)	(2.0)	(2.5)
	tax rate	66%	17%	55%	32%	49%	35%	35%	35%	35%	35%	35%	35%
Net income		0.8	1.2	1.1	3.7	1.7	2.7	3.2	4.0	3.0	5.3	3.7	4.7
	% on turnover	3%	4%	3%	9%	5%	8%	8%	9%	8%	11%	9%	10%

Source: Banca Profilo estimates and elaborations

Net income at €4.7m in 2027E

Finally, we project Health Italia to reach a net income of €4.7m in 2027 from previous estimate at €5.3m in 2026, including a stable tax rate at 35% (unchanged) and net financial expenses based on some 6% cost of debt (unchanged).

Balance Sheet 2025E-2027E

Main changes to Fixed Assets and Assets for sales

Regarding the Company perspective Balance Sheet, main changes with respect to our previous 2024E-2026E projections involve: i) the Fixed assets for new equity participation and planned capex ; ii) the Assets for Sale for the extraordinary dividend distribution; iii) the related use of Equity reserves; and iv) the Net Debt.

Extraordinary dividend distribution in kind.

Significant changes in Fixed Assets, Assets for Sales and Shareholders' Equity.

Following the extraordinary dividend distribution in kind, we forecast a reduction of Assets for Sales from €16.5m in at the end of 2024 to €1.4m in at the end of 2025. More in details, in January, 5.5m in of Rebirth shares have been offered as an extraordinary dividend; by April, an additional tranche of 3m in shares will be offered. The value of each share has been set at €1.8. Therefore, at the end of the extraordinary distribution, the total value of Equity reserves to be used is estimated at 15.4m in. In addition, we assume a 2% dividend distribution refusal for fiscal reasons and end up with a reduction of Assets for Sale of €15.1m in leaving €1.4m in in the Balance Sheet at the end of 2025. In terms of equity stake in Rebirth, this will decline from original 43.5% to below 4.5%.

Final effect of perspective Balance Sheet is lower Net Cash. We project net cash of €8.8m in at the end of 2027 which compares to €16.1m in a year earlier in our original estimates. This comes for the most part from the use of Reserves to distribute the extraordinary dividend and finalize the exit from the Real Estate business.

Table 6: Balance Sheet 2019-2027E old-new estimates

Balance Sheet													
	€m in	2019	2020	2021	2022	2023	2024	2024E	2025E old	2025E new	2026E old	2026E new	2027E new
tangibles		20.7	17.6	14.2	17.2	4.4	2.7	2.1	3.5	2.5	4.9	1.9	1.4
intangibles		5.7	5.5	5.5	4.6	3.3	3.4	3.7	4.1	3.1	4.4	2.6	2.0
financials		3.0	4.5	6.9	6.8	4.4	6.3	5.5	5.5	6.3	5.5	6.3	6.3
Fixed assets		29.4	27.5	26.7	28.6	12.1	12.4	11.3	13.0	11.9	14.8	10.8	9.7
assets for sale						12.8	16.5	14.8	0.0	1.4	0.0	1.4	1.4
inventories		3.0	2.8	1.9	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
trade receivables		17.3	20.1	22.7	31.7	32.4	30.2	32.2	34.1	31.0	35.2	32.0	32.9
trade payables		(11.1)	(11.2)	(11.4)	(13.6)	(13.8)	(9.8)	(13.6)	(15.1)	-10.6	(16.5)	(11.8)	(13.2)
Net operating Working Capital		9.1	11.8	13.2	19.8	18.6	20.5	18.6	19.0	20.5	18.7	20.2	19.7
% on turnover		29%	37%	33%	50%	52%	58%	48%	44%	53%	40%	48%	42%
inventories (% turnover)		10%	9%	5%	4%	0%	0%	0%	0%	0%	0%	0%	0%
trade receivables (% turnover)		55%	62%	57%	81%	91%	86%	83%	80%	81%	75%	76%	71%
trade payables (% COGS)		52%	53%	42%	52%	60%	41%	54%	55%	42%	55%	43%	44%
other net current asset (debt)		(1.0)	1.4	2.2	(2.0)	1.5	(1.4)	1.5	1.5	-1.4	1.5	-1.4	-1.4
Capex		7.7	1.2	1.5	4.0	1.5	2.4	0.4	0.4	0.6	0.4	0.2	0.3
tangible		6.9	1.0	0.9	3.9	1.5	2.0	0.0	0.0	0.3	0.0	0.1	0.1
intangibles		0.8	0.3	0.5	0.2	0.0	0.3	0.4	0.4	0.4	0.4	0.1	0.1
% on turnover		25%	4%	4%	10%	4%	7%	1%	1%	2%	1%	1%	1%
Provisions		(2.5)	(3.0)	(3.3)	(2.7)	(2.6)	(3.2)	(2.6)	(2.6)	(3.2)	(2.6)	(3.2)	(3.2)
Invested Capital		35.0	37.7	38.8	43.7	42.4	44.9	43.5	30.9	29.2	32.4	27.9	26.3
shareholders' equity		18.4	18.7	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9
reserves		5.3	6.6	8.0	9.1	15.1	16.9	16.8	20.0	4.4	24.0	7.5	11.2
net income		0.8	1.2	1.1	3.7	1.7	2.7	3.2	4.0	3.0	5.3	3.7	4.7
minorities		1.7	0.8	0.4	0.6	0.2	0.3	0.2	0.2	0.3	0.2	0.3	0.3
Equity		26.1	27.3	28.5	32.4	36.0	38.7	39.2	43.2	26.7	48.5	30.4	35.1
Net debt (cash)		8.9	10.4	10.3	11.3	6.5	6.2	4.4	(12.3)	2.5	(16.1)	(2.5)	(8.8)

Source: Banca Profilo estimates and elaborations

Net Working Capital optimization

In terms of Net Operating Working Capital we expect €19.7mIn or 42% of sales at the end of 2027, largely improving from 58% at the end of 2024, but below our previous 40% target as soon as 2026.

FCFs 2025E-2027E cumulated €18mIn or annual €6.1mIn

Given our assumptions on P&L and Balance Sheet in 2025E-2027E, the Group will likely generate €18.2mIn of cumulated or €6.1mIn average annual Free Cash Flows in 2025E-2027E. These are very close to our previous 3-year (2024E-2026E) or annual average Free Cash Flows estimates, but they will be generated a whole year later.

In fact, 2024-2026E cumulated Free Cash Flows are almost 40% below our previous forecast (€11.6mIn compared to previous €18.3mIn).

Table 7: Free Cash Flows 2019-2027E old-new estimates

Free Cash Flows												
	€mIn	2020	2021	2022	2023	2024	2024E	2025E old	2025E new	2026E old	2026E new	2027E new
EBIT		3.0	5.3	5.9	4.6	5.8	6.1	7.5	6.3	9.3	7.4	8.8
tax (figurative)		(1.8)	(2.0)	(1.6)	(1.6)	(2.0)	(2.1)	(2.4)	(2.2)	(3.0)	(2.6)	(3.0)
D&A		1.6	1.4	1.5	1.3	1.1	1.3	1.4	1.2	1.4	1.3	1.3
change in Net Working Capital		(2.6)	(1.4)	(6.6)	1.2	(1.9)	(0.0)	(0.4)	0.0	0.3	0.3	0.5
capex		(1.2)	(1.5)	(4.0)	(1.5)	(2.4)	(0.4)	(0.4)	(0.6)	(0.4)	(0.2)	(0.3)
Free Cash Flow		(1.0)	1.7	(4.8)	4.0	0.7	5.0	5.8	4.7	7.6	6.2	7.3

Source: Banca Profilo estimates and elaborations

Business plan execution risks

Effective growth in Medicine Services and the timing of expanding in Healthcare promotion and Welfare services are main Business Plan execution risks.

Valuation

DCF for a cash businesses supported by market multiples

We used a DCF valuation approach to appraise Health Italia cash generating businesses.

As a supporting method, we added the Market Multiples approach, based on a sample of selected listed international peers.

DCF valuation

DCF assumptions:
€18mln of cumulated FCFs in 2025E-2027E
-20% vs our previous estimates
€4.6mln as Terminal Value cash flow
-35% vs our previous estimates

To run a DCF model, we use our projected FCFs over 2025E-27E explicit period: cumulated Free Cash Flows for €18.2mln or €6.1mln as yearly average (vs prior €22.7mln and €7.6mln respectively - *Please refer to our Company Update on October 4th 2024*).

To assess the Terminal Value, we factor in:

- an annual FCF generation of €4.6mln (vs prior €6.9mln) as the average of 2023-2027E;
- perpetual growth rate of 2% (unchanged).

To get to the Equity Value we would consider the adjusted Net Debt at the end of 2024 (€7.9mln vs an expected 2024 of €6.9mln and down from €9.3mln at the end of December 2023).

Table 8: DCF valuation

DCF Valuation	2023	2024	2025E	2026E	2027E	over
Free Cash Flows (€/000)	4.0	0.7	4.7	6.2	7.3	4.6
years			1	2	3	
discount factor			0.92	0.86	0.79	
NPV Cash flows (€/000)			4.4	5.3	5.8	
Sum of NPVs (€/000)						15.4
Terminal Value (€/000)						74.8
NPV Terminal Value (€/000)						59.2
Enterprise Value (€/000)						74.6
Adj Net debt December 2024 (€mln)						7.9
Equity Value (€/000)						66.7
number of shares (mln)						0.19
Per share value (€)						351.6

Source: Banca Profilo estimates and elaborations

8.1% WACC vs previous 8.9% WACC

We use a WACC of 8.1% (vs previous 8.9%), derived from:

- 4.3% risk free rate (unchanged), as implicitly expected by consensus on the 30Y Italian BTP yield curve in a scenario of easing monetary policy;
- 5.5% market risk premium (unchanged);
- 0.9 beta (from prior 1.0), coming from the average of chosen listed peers to Health Italia;
- debt to equity target structure with an 80% weight on Equity (unchanged).

Table 9: WACC calculation

WACC Calculation	
perpetual growth rate	2.0%
WACC	8.1%
risk free rate (30Y)	4.3%
equity risk premium	5.5%
beta	0.9
KE	9.1%
debt cost	5.9%
tax rate	30%
KD	4.1%

Source: Banca Profilo estimates and elaborations

DCF valuation: We run the DCF model ending up with an Enterprise Value of €74.6mln (vs previous €88.3mln) and, therefore, an Equity Value of €66.7 (vs previous €81.3mln).

Equity €66.7mln

Lower DCF valuation compared to our last Company Update derive from lower than projected 2024 and from P&L and Balance Sheet 1-year estimates postponement, which led to lower explicit Free Cash Flows (-20%), lower Terminal Value FCF (-35%) and higher Net debt at the end of 2024.

Relative valuation on Market Multiples

A selected panel of listed peers

To assess a relative valuation of Health Italia through the Market Multiples approach, we used our panel of listed peers and the EV/EBITDA 2025E multiple (unchanged multiple choice vs our previous Company Update (*Please refer to our Company Update on October 4th 2024*)).

The selected peers are: Marsh & McLennan, Aon, Willis Towers Watson, Arthur J. Gallagher, Elevance Health, Humana, Edenred.

EV/EBITDA 25E: 13.5x.

The selected sample trades at an average of 13.5x EV/EBITDA 25E, which is higher than 11.9x, used in our last Company Update.

Some 15% re-rating from previous 11.9x

Health Italia currently trades at 3.1x (from prior 2.6x), confirming its more than 75% discount to peers' average.

Table 10: Market multiples

Company	EV / EBITDA
<i>02/04/2025</i>	2025E
Marsh & McLennan	17.5x
Aon Plc	17.5x
Willis Towers Watson PLC	14.1x
Arthur J. Gallagher & Co.	18.0x
Humana	10.4x
Elevance Health	10.3x
Edenred	6.9x
Average	13.5x
Health Italia	3.1x
<i>premium (discount) on best peers</i>	<i>-77%</i>

Source: Banca Profilo estimates and elaborations on Factset

Market multiples valuation: Equity €79 mln

We use the average EV/EBITDA 2025E at 13.5x (from previous 11.9x) and a 20% liquidity discount (unchanged) and come out with an Equity Valuation of Health Italia of €79mln (from previous €110mln), which strongly support our DCF Equity Valuation.

Despite a 15% Market multiples re-rating from our last report, the relative Equity Valuation was some 30% lower for : i) an 18% lower estimate on EBITDA 2025 and ii) a 15% higher Net Debt at the end of 2024.

Table 11: Market multiples valuation

Valuation on market multiples	
Health Italia on EV/EBITDA	2025E
Median EV/EBITDA 25E	13.5x
discount on peers	20%
Discounted EV/EBITDA	10.8x
EBITDA (€mln)	8.1
EV (€mln)	87
net debt 31.12.24 (€mln)	7.9
Equity (€mln)	79

Source: Banca Profilo estimates and elaborations on Factset

Valuation:

BUY confirmed:

**12-month TP cut to
€365**

Given the absolute and relative valuation, we reduce our Equity Value on Health Italia and set our 12-month target price at €365/share from previous €430/share (*Please refer to our Company Update on October, 4th 2024*).

Given the still significant upside on Health Italia price (€116.5 as of April, 2nd), we confirm our BUY.

APPENDIX

The reference Industry

Leading Italian operator in Healthcare and Welfare

Health Italia SpA is a leading Italian operator in Healthcare and Welfare offering integrated solutions to corporates, their employees, and families. Health Italia provides solutions for better access to Healthcare and Welfare, also through its own facilities and best-in-class Telemedicine services.

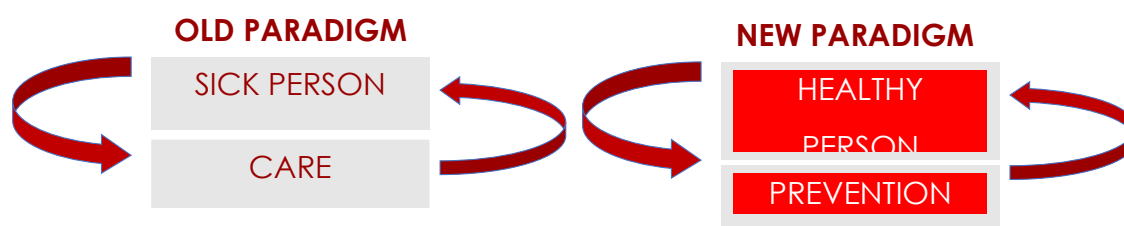
Increasing demand for private integrated Healthcare and Welfare

Its reference Industry is therefore the Italian Healthcare and Welfare systems, both public and private. Over the past 10 years, there has been an increasing demand for private integrated Health Insurance and Welfare plans as both an alternative and complement to public offering. Welfare has been recently expanding as a corporate benefit and a means of employee retention as it can be integrated with different Healthcare services, including advance tools such as Telemedicine.

A shift from Healthcare to Health maintenance and prevention to Welfare for human wellbeing

Furthermore, a paradigm shift has recently started in Italy, where there is a need for healthier population, better services and lower costs. Health Italia has implemented a new comprehensive Healthcare model to improve people wellbeing, using not only Prevention but also Telemedicine. Further development is a Comprehensive Welfare scheme which will cover the entire human wellbeing.

Figure 7: Shifting into a new Healthcare paradigm



Source: Company Data

Welfare benefits are totally tax-free and contribution-free

Comprehensive Corporate Welfare is an innovative approach that can include Healthcare plans and other Medical services such as Telemedicine; it has been increasingly used in Italy as a means of employee retention. Corporate Welfare expanded significantly in Italy thanks to the "Legge di stabilità" which introduced tax incentives to corporate initiatives to improve employee's wellbeing. According to Art.51 of TUIR, Welfare initiatives release clear tax relief to companies and employees. Welfare benefits are 100% tax and employees' contribution free. The employee can therefore use the entire benefit the company decides to give. It is a win-win situation for both the employee and the firm.

Figure 8: Welfare benefits and company tax relief

WELFARE BENEFIT €1000		PAYROLL BENEFIT €1000	
CORPORATE COST	EMPLOYEE CASH IN	CORPORATE COST	EMPLOYEE CASH IN
€ 1,000	€ 1,000	€ 1,000	€ 1,000
0	0	€400 taxes	-€200 taxes
€ 1,000	€ 1,000	€ 1,400	€ 800

Source: Banca Profilo on Industry data

National Health care Service in Italy

The Italian Public Health care service (SSN) provides universal coverage to citizens and residents with public healthcare largely free of charge. It guarantees health care to all citizens using the free-of-charge Italian National Service card. According to the World Health

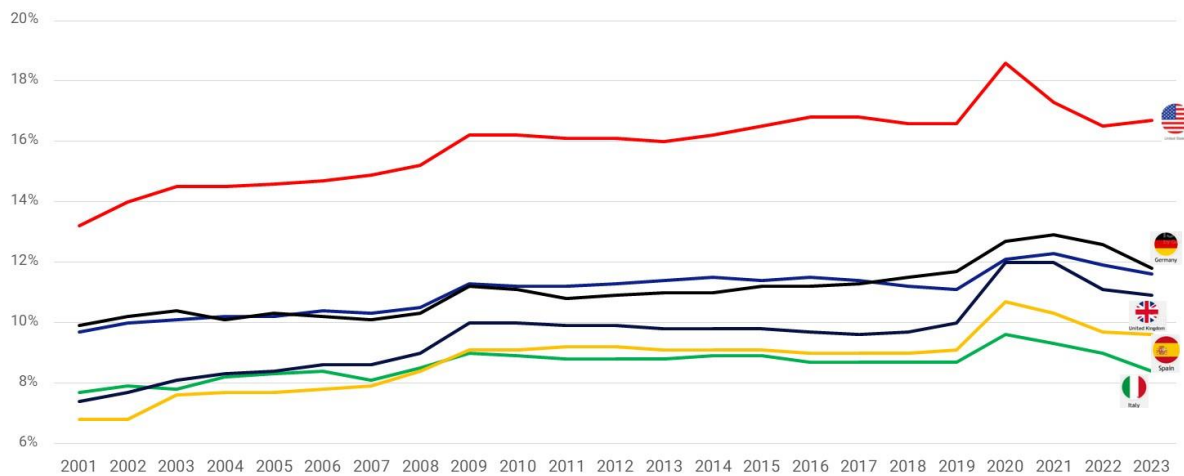
second best worldwide

Organization, Italy is ranked the second-best National Health care system worldwide, after France, in terms of overall quality, equity of access, general health and life expectancy of the Italian population.

Italy the lowest Healthcare spending; yet the best in terms of equity of access

However, according to OECD Health data, in terms of Healthcare expenses on GDP, Italy devoted much less than main European countries and the US, despite its Healthcare system shows much larger access rights. In 2023, Italy spent 8.4% only of its GDP in Healthcare, which compares to more than 9.6% of Spain, 11.6% of France, 11.8% of Germany, 10.9% of UK and almost 17% the US. Furthermore, Italy shows the lowest growth of Healthcare spending on GDP over the past 23 years: +0.8% compared to an average of +3% of the other countries. All mentioned European countries reduced their Healthcare spending in % of GDP in 2023 with Germany and Italy leading with -0.8% and -0.6% respectively.

Figure 9: Healthcare expenditure on GDP by country, 2000-2023



Source: Banca Profilo on OECD Health at a Glance, 2024

Private Health insurance plays still a small part in the Italian Healthcare system

According to OECD Health at a Glance, 2024, with over 80% of Health spending in the EU being publicly financed, Private Health insurance still represents, on average, a small share of total Health funding across OECD countries. Nevertheless, public budget constraints and persisting ageing population will drive growth of Private Health Insurance.

In 2023, only 10% of Healthcare spending has been paid by Private Health insurance in OECD countries on average. However, this average mask considerable cross-country variation and plays a variety of roles, which range from primary coverage for population groups to a key supporting role for public systems. In fact, the US is the only OECD country where voluntary Health Insurance is the main health financing and coverage system for most of the population accounting more than 1/3 of total Healthcare spending.

This share drops to 2% only in Italy, even if, over the past 10 years, the share of people combining the use of the Italian SSN with Private Care, paying out-of-pocket or accessing it through supplementary Health Insurance has increased. In fact, Private Health expenditure in Italy rose from €34.2bn in 2012 to €41bn in 2021 due to the Italian SSN struggling to satisfy the need of its aging population with increasingly long waiting lists that do not allow it to deliver proper care. The share of domestic Small and Medium enterprises (SMEs) which took at least one initiative in the field of Complementary Health for the benefit of their employees increased from 29% in 2006 to 42% in 2020.

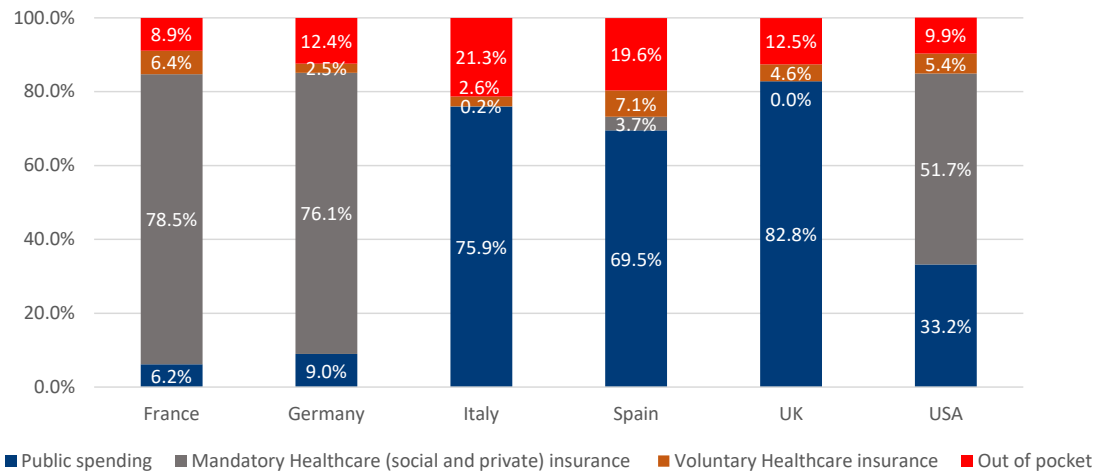
In Italy, out of pocket spending is still more than 20% of pro-

According to OECD Health data, the breakdown of Healthcare spending by countries still shows a high percentage of compulsory (both public and private) healthcare insurance between 73% (Spain) and 85% (USA, Germany and France). However, differences among countries emerge depending upon the weight of public spending: in countries with a National

capita Healthcare expenditure

Health system (Italy, UK and Spain) the highest percentage is public spending on Healthcare, whereas in countries with mandatory healthcare insurance (France and Germany) most of the expenses is on social security spending. In the US almost 30% of spending on healthcare is related to compulsory private healthcare insurance. Therefore, the remaining spending on Healthcare is privately funded by individuals or corporates for their employees. Private healthcare spending can be backed by either private insurance or out-of-pocket. In 2020, the out-of-pocket healthcare expenses ranged from 9% in France to more than 20% in Italy

Figure 10: pro-capita Healthcare expenditure breakdown by country and funding, 2020

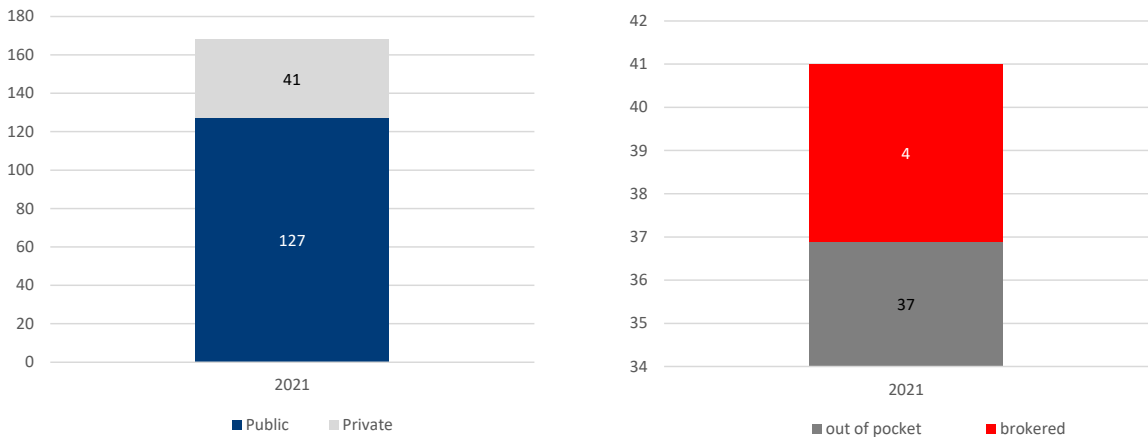


Source: Banca Profilo on OASI Bocconi, OECD Health, 2022

Domestic Private Healthcare addressable market

In 2021, the Italian Healthcare market was worth €168bn, increasing from €26bn in 2010. About €41bn of Healthcare spending was Private Insurance. This is also called Second Pillar of the Italian Healthcare system or Supplementary Healthcare which integrates the First Pillar of Public Healthcare covered by the SSN. Of this Private Insurance, some 90% was still out-of-pocket expenses and the rest brokered by integrated, complementary and insurance companies or Mutual benefit companies and Healthcare funds (non-profit institutions). This is the addressable market for Health Italia.

Figure 11: The Italian Healthcare market, 2021



Source: Banca Profilo on OASI Bocconi, OECD Health, 2022

Italian Welfare market: +20% the number of SMEs

For what concerns the Italian Corporate Welfare market, the number of SMEs offering Welfare benefits has risen from 2,140 to 6,532, since 2016. And corporate welfare initiatives expanded from 127 to 156 in the same period ranging from Healthcare diagnosis and prevention, to work-

offering Welfare benefits

life balance, and Telemedicine. According to the Welfare Index PMI, only 32% of SMEs offering Corporate Welfare show basic welfare initiatives and those with a high/to very high level of Corporate Welfare rose from 11% in 2016 to 25% in 2022, whereas those with basic welfare initiatives decreased from 49% to 31% in the same period.

Figure 12: The Italian Welfare market - Number of SMEs offering Welfare benefits



Source: Welfare Index PMI, 2022

Health Italia: overview and business model

Italian leading operator in Healthcare and Welfare

Health Italia SpA is a leading Italian operator in Healthcare and Welfare offering integrated solutions to corporates, their employees, and families. Health Italia provides solutions for better access to Healthcare and Welfare in Italy, also through its own structures (Health Point) and best-in-class Telemedicine services.

In 2024, the Group reached €35.4mIn revenue with 21% EBITDA margin and €2.7mIn net income. In terms of KPIs, in 2023 Health Italia confirmed the management and access to some 5,000 Healthcare facilities, the assistance of 450,000 people and showed a 90% customer retention rate.

A mutualistic model of Healthcare and Welfare promotion

Health Italia promotes its offering following a mutualistic model. It places its complementary Healthcare offering between the Public National Healthcare System and individual Healthcare provided by Health Insurance policies. Health Italia sells complementary Healthcare plans provided by mutual benefit companies and Healthcare and Assistance funds to associations, corporates, and individuals.

Core Business lines:

It is active mainly through two companies and two business divisions: Healthcare promotion and Welfare Services managed by Health Italia and Health Assistance; Medical Services offered by Health Point.

Healthcare plans and services

- Health Italia promotes and offers:
- Healthcare plans of Mutual benefit companies and Healthcare funds using various distribution channels;
 - Corporate Welfare services and flexible benefits plans using a dedicated online platform;

Medical services including Telemedicine

- Training for promoters, internally managed by HealthAcademy which is Health Italia training school for becoming and updating specialized promoters.

Health Assistance manages:

- The network of associated Healthcare facilities;
- The network of partner companies in Home Care and Nursing;
- Administrative, reporting, settlement and reimbursement phases of benefits and claims.

Health Point delivers:

- Telemedicine services through equipped stations placed in pharmacies, firms, Healthcare facilities and Sports Centres;
- Specialty Health and Dental services;
- Telemedicine services included in Corporate Welfare plans.

Figure 13: Health Italia positioning

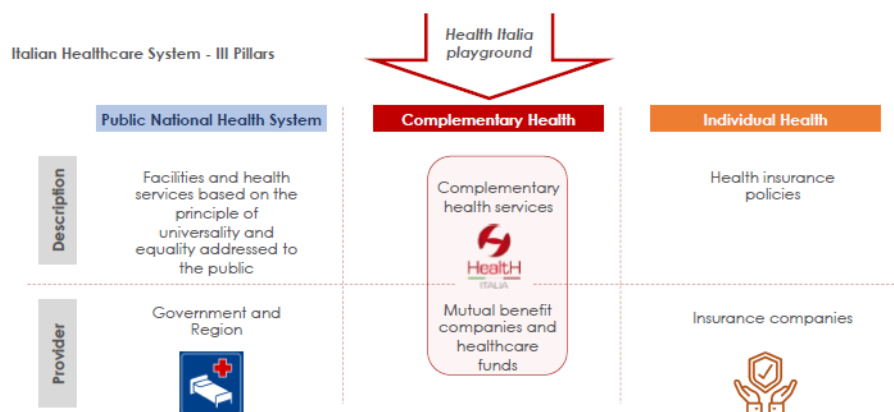
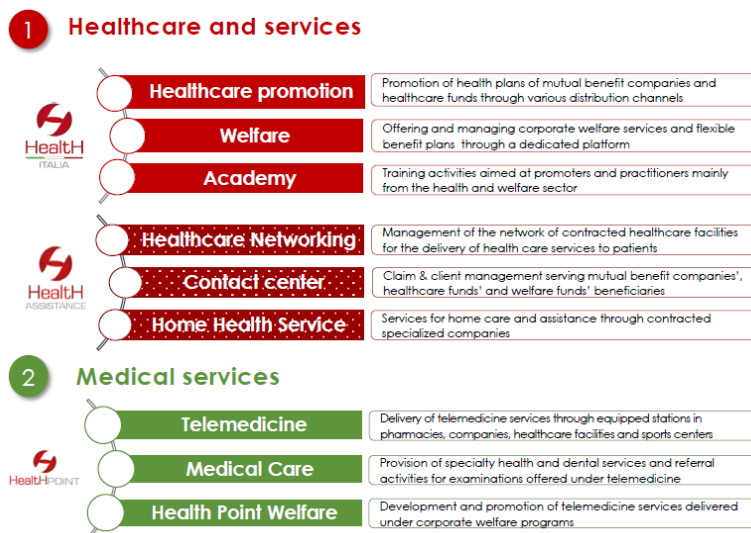


Figure 14: Health Italia business units and Group subsidiaries



Source: Company Data

Medical Services increased its weight on Group turnover to almost a quarter

During the past four years, Medical Services, including Telemedicine, increased its contribution to the Group's turnover from only 5% in 2019 to 24% in 2024. "Other" included revenue from Real Estate assets (through Health Property) and Nutraceutical business (through BeHealth), which have been handed off specialized companies.

Health Italia multi-channel distribution

Health Italia markets its Healthcare services through a multi-channel distribution model which includes about 1,500 specialized promoters, more than 120 bank branches, more than 5 mutual benefit companies and Healthcare funds, and more than 3 independent networks with a widespread presence in Italy and online.

Shareholders, Board of Directors and Organization

Listed in 2017
More than 45% free float.
Broad shareholders base

The Company was listed on the EGM segment of the Italian Stock Exchange in February 2017 at €4/share. The share capital has been recently changed and it is represented by 189,781 ordinary shares, which had been grouped from previous 18.97mln on March the 18th

Free float is almost 44%. In 2019, Health Italia achieved the status of Company with a broad shareholder base with more than 500 shareholders, also thanks to the possibility of trading single stocks with a minimum of 1 share.

Shareholders' agreement on more than 29% of share capital

The Company is mainly owned by:

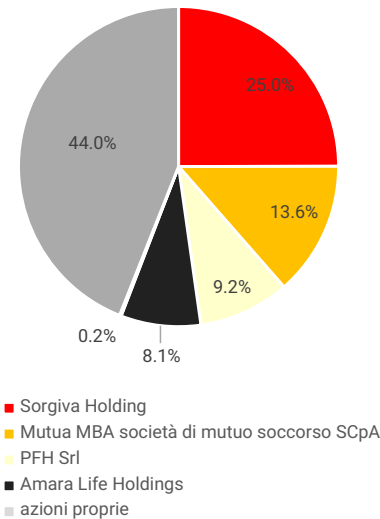
- Sorgiva Hld with 25%;
- Mutua MBA SCpA with 13.6%;
- PFH Srl with 9.2%
- Amara Life Hlds with 8.1%

Excluding own shares (0.2%), free float is then 44%.

Mutua MBA is not only a key shareholder but also a key partner as Health Italia promotes its Healthcare plans through various distribution channels.

In April 2022, shareholders and top managers signed an agreement on 20% of share capital, which has been updated on March the 26th 2024 on 29.37% of share capital with vote and veto syndication for strengthening their commitment in the Group.

Figure 15: Health Italia shareholders



Source: Company Data

The Board includes 6 directors of which 3 independent and 2 women

The Board of Directors includes Roberto Anzanello, the Chairman, Livia Foglia, the CEO, and four additional directors, of which three independent members.

ESG analysis

Sustainability report

ESG and the Sustainability of Competitive Advantage

Every active investor seeking value should be aware of how companies deal with environment, social and governance issues, since these are factors that can improve corporate value. In a world where companies are increasingly facing environmental issues, such as climate change and pollution, as well as social factors such as diversity and inclusion, gender balance and product safety, attention to ESG issues has become a competitive advantage.

Health Italia: fifth Sustainability Report in 2023

To best involve stakeholders and to communicate in an increasingly transparent way its ESG goals, Health Italia published its fifth Sustainability Report in 2023 in accordance with both GRI and SDG standards.

A ESG rating confirmed

Based on the Sustainability Report and other non-financial information released by the Company, Cerved, on October, the 1st, confirmed and improved Health Italia A ESG rating to 73.4 (from 72.4 a year earlier).

Sustainability for Health Italia

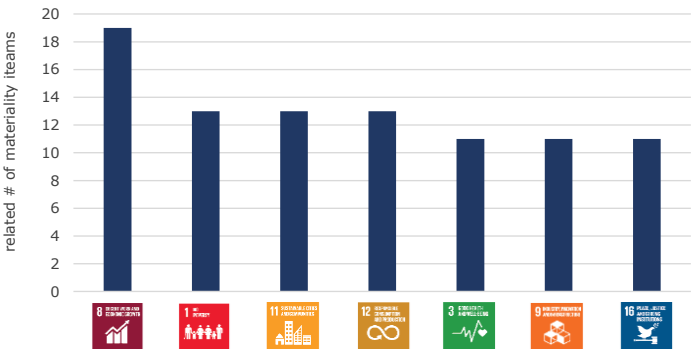
Materiality Assessment

Health Italia carried out a Materiality Assessment to identify priority sustainability disclosure items, set most relevant issues for the Company and its stakeholders, and finally, to decide which issues should be included (and updated) in the Report.

SDGs vs corporate goals: n. 8, 3, 12, and 16 are those Health Italia is more sensitive to

By relating the material topics identified through the Materiality Map to the seventeen Sustainable Development Goals (SDGs), SDG 8, 3, 12, 16, 5, 13, 10 and 17 stand out as the most sensitive ones for Health Italia. Through working on Business integrity and ethics, employees' engagement, personnel training and enhancement, employees' welfare and incentives, health and safety at work, PA and local communities networking, economic performance and financial balance, R&D and innovation, data privacy and protection, Health Italia aims at creating a Decent work environment in a growing Business scenario (SDG 8). Structured processes for personnel training and enhancement, diversity, inclusion, equality and human rights protection; introducing personnel welfare and incentives plans; guaranteeing healthy and safe workspaces; being responsible in waste management and use of natural resources; being customer oriented are some of the ways for Health Italia to achieve Good Health and Well Being for all (SDG 3). Defining high standards of waste and water management and responsible use of natural resources, being aware of the environment impact of business processes, focusing on R&D and innovation and developing responsible marketing are means Health Italia put in place for Responsible Consumption and Production (SDG 12).

Figure 16: Materiality Assessment



Source: Banca Profilo on Company data



Health Italia

"ID Card"

Recommendation	Target Price	Upside
BUY	365.0 €	256%

Company Overview

Health Italia is a leading Italian operator in Healthcare and Welfare, offering supplementary and integrated solutions to corporates, their employees, and families also through its own Medical Centre facilities and best-in-class Telemedicine. Health Italia promotes its offering following a mutualistic model. It places its complementary Healthcare offering between the Public National Healthcare System and individual Healthcare provided by Health Insurance policies. It is active mainly through two companies and two business divisions: Healthcare promotion and Welfare Services are managed by Health Italia and Health Assistance. Health Italia markets its plans and services through a multi-channel distribution network which includes more than: i) 1,500 specialized promoters; ii) 120 bank branches; iii) 5 mutual benefit companies and Healthcare funds; iv) 3 independent networks with a widespread presence in Italy and online. Since its listing, in 2017, Health Italia has reported a 7% average turnover growth from €22.6mln to €35.4mln. EBITDA increased from €6.1mln to €7.5mln with EBITDA margin substantially stable around 20%. Turnover breakdown has changed over the past 4 years with Medical Services, increasing its weight from 5% in 2019 to 24% in 2024. At the end of 2024, Health Italia had €12.4 of fixed assets, following the disposal of Real Estate. Net Operating Working Capital stood at €18.6mln. The Company financial structure is well balance with Net Invested Capital at €43.5 financed by €39.2mln of Equity and €4.4mln of net debt. Health Italia Business Plan sets 2026 targets: Total Revenue between €50-52mln; EBITDA in the range €12-14mln and Net Cash position of €15-16mln.

SWOT Analysis

Strengths - significant growth - leadership in the Italian supplementary Healthcare and Welfare - fully integrated business model including proprietary IT systems - strong R&D and innovation in Medical services - multi-channel diversified distribution model - more than 20-year experienced top management	Weaknesses - dependence on the strategic partner MBA - geographical concentration in Italy - small size in large global players competition+
Opportunities - High barriers to entry due to regulations in supplementary Healthcare and Welfare - Increased penetration of supplementary Healthcare on total expenditure	Threats Intensifying competition by Insurance companies

Main catalysts

- Increasing demand of Comprehensive Welfare
- On the edge Medical Services driven by R&D and innovation

Main risks

- Competition by Insurance companies

Health Italia

"ID Card"

Recommendation

Target Price

Upside

BUY

365.0 €

256%

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Main Financials

€ mln	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	40.5	39.9	36.0	36.6	38.9	42.8	47.0
<i>yoy change</i>	<i>23.3%</i>	<i>-1.5%</i>	<i>-9.8%</i>	<i>1.6%</i>	<i>6.3%</i>	<i>10.0%</i>	<i>10.0%</i>
EBITDA	7.8	8.0	7.9	7.5	8.1	9.3	10.7
<i>EBITDA margin (%)</i>	<i>19.3%</i>	<i>20.0%</i>	<i>21.8%</i>	<i>20.4%</i>	<i>20.8%</i>	<i>21.7%</i>	<i>22.7%</i>
EBIT	5.3	5.9	4.6	5.8	6.3	7.4	8.8
<i>EBIT margin (%)</i>	<i>13.0%</i>	<i>14.8%</i>	<i>12.8%</i>	<i>15.9%</i>	<i>16.3%</i>	<i>17.3%</i>	<i>18.7%</i>
Net income	1.1	3.7	1.7	2.7	3.0	3.7	4.7
<i>Margin (%)</i>	<i>2.8%</i>	<i>9.3%</i>	<i>4.6%</i>	<i>7.3%</i>	<i>7.8%</i>	<i>8.8%</i>	<i>10.0%</i>
Adjusted net debt (cash)	10.4	11.3	6.4	6.2	2.5	-2.5	-8.8
Shareholders Equity	28.5	32.4	36.0	38.7	26.7	30.4	35.1
Fixed assets	26.7	28.6	12.1	12.4	12.4	0.0	0.0
Net Operating Working Capital	13.2	19.8	18.6	20.5	20.5	20.2	19.7
Capex and acquisitions	1.5	4.0	1.5	2.4	0.6	0.2	0.3
Free Cash Flow	2.0	(5.2)	4.0	0.7	4.7	6.2	7.3

Company Description

Company Sector	Health Care, Medical services
Price (€)	102.5
Number of shares (mln)	189780.0
Market Cap (€ mln)	19.5
Reference Index	Euronext Growth
Main Shareholders	Sorgiva Holding
Main Shareholder stake	25.0%
Free Float	44.0%
Daily Average Volumes	301
Sample of comparables	Marsh, Aon, Willis Towers Watson, Arthur Gallagher, Elevance, Humana, Edenred

Breakdown by business unit

(% of turnover)	2021	2022	2023	2024	2025E	2026E	2027E
Healthcare and Services	74%	72%	80%	76%	76%	74%	72%
Medical services including	21%	24%	20%	24%	24%	26%	28%
Other	6%	4%	0%	0%	0%	0%	0%
Turnover	39.6	39.2	35.7	35.4	38.5	42.4	46.6

Data of peers (average) vs Health Italia

	2022	2023	2024	2025E
Revenue growth (yoy)	9%	13%	10%	9%
Health Italia	-1%	-9%	-1%	9%
EBITDA margin	24%	24%	25%	25%
Health Italia	20%	22%	21%	21%

Solvability Ratios

	2021	2022	2023	2024	2025E	2026E	2027E
Net debt (cash) / EBITDA	1.3x	1.4x	0.8x	0.8x	0.3x	-0.3x	-0.8x
Net debt (cash) / Equity	0.4x	0.4x	0.2x	0.2x	0.1x	-0.1x	-0.3x

Multiples

	2025E
Best peers	
EV / EBITDA	13.5x
Health Italia	3.1x

Financial and Operative ratios

	2021	2022	2023	2024	2025E	2026E	2027E
Tax rate	55%	32%	49%	35%	35%	35%	35%
ROIC	14%	13%	11%	13%	22%	27%	33%
ROE	4%	11%	5%	7%	11%	12%	13%
Capex/Sales	4%	10%	4%	6%	2%	1%	1%
D&A to capex	95%	38%	83%	47%	192%	535%	486%

Source: Factset, Banca Profilo estimates and elaborations



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THE BANK PUBLISHES ON ITS WEBSITE WWW.BANCAPROFILO.IT, ON A QUARTERLY BASIS, THE PROPORTION OF ALL RECOMMENDATIONS THAT ARE 'BUY', 'HOLD', 'SELL' OR EQUIVALENT TERMS OVER THE PREVIOUS 12 MONTHS, AND THE PROPORTION OF ISSUERS CORRESPONDING TO EACH OF THOSE CATEGORIES TO WHICH SUCH PERSON HAS SUPPLIED MATERIAL SERVICES OF INVESTMENT FIRMS SET OUT IN SECTIONS A AND B OF ANNEX I TO DIRECTIVE 2014/65/EU OVER THE PREVIOUS 12 MONTHS.

ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA").