

Franco Moro, CEO & COO – Stevanato Group



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Stevanato Group's CEO & COO, Franco Moro explains how the over 70-year-old provider of containment and delivery solutions went public and as an established player in the vaccine space managed to service large pharmaceutical companies during the pandemic. He also speaks about the company's move towards further internationalisation.

You joined Stevanato Group about 3 years ago. What were your first priorities as CEO?

The Stevanato family envisaged the growth of the company and a long-term view of its transition to a public company more than 10 years ago. Firstly, the company formed a board and planned the transformation of what was a family-owned company into a more managerial structure. These steps were taken to build a company that would be more comparable to the market while maintaining the right positioning for the family and the business, and a stronger level of management.

Prior to joining Stevanato Group, I was the CEO of a company producing APIs for the generic and originator markets in the pharma industry. While this is a significant change from my previous experience, I appreciate the company's approach to governance and we share similar views about the customers in the market. Therefore, my aim, and that of my C-level colleagues, is part of Stevanato's design by the family and its shareholders to become an important player in the industry that can deliver high growth rates, and be a solution provider for pharmaceutical

companies of all sizes in the biotech space.

The decision to make the company public through an Initial Public Offering (IPO) was focused on boosting growth and giving the company greater financial flexibility, with three-quarters of the proceeds being invested in Stevanato Group's initiative to support organic growth.

What has been driving the company's success over the past 12 months?

Stevanato Group's investments in the past, aimed at expanding its global footprint, increasing capacity, and establishing more innovative products began to deliver their expected results last year.

Despite having some parts of the business linked to COVID, the company's success is not a COVID story. The recent success is based on long-term investments, good planning, the expansion of capacity in high-growth therapeutic areas, and the transition to becoming a public company.

How has the transition to becoming a public company been managed?

The family considers investors in the business as new targets that deserve the company's accountability in delivering results, just as it does with its employees and customers. Stevanato Group wants to continue this approach and use the change to a public company that forced higher levels of discipline, business management, financial management, and pressure to pass on improvements.

How has the pandemic affected your operations and how is this being balanced with the company's other activities?

The company was ready to respond to customer needs due to a combination of capabilities: Stevanato Group's production of containment solutions such as vials, and its construction of production lines. Furthermore, the company's global footprint allowed it to bolster its capacity faster than its competitors.

Stevanato Group is an established player in the vaccine space, and has managed to service large pharmaceutical companies during the pandemic. However, this corresponded to less than 15 percent of our sales last [year](#). The same level of sales is expected again this year and consequently

this is not the most significant part of the business. However, Stevanato Group's employees deserve praise for providing the unprecedented extra effort required during the pandemic.

Is the company's construction of production plants as well as vials a result of COVID and the trend in the industry to bring manufacturing closer to patients?

For Stevanato Group, this investment was not COVID-related. The business designed and launched this approach prior to the pandemic for its high-value, high-end solutions. Nevertheless, the decision to combine our capabilities in the US allowed Stevanato Group to reach an agreement with the Biomedical Advanced Research and Development Authority (BARDA). This extended the original plan to match the BARDA's expectations and needs concerning preparedness for future public health emergencies. Therefore, while it is linked to the trend of reshoring, Stevanato Group happened to be in the right place at the right time.

What has Stevanato Group's process been to become more global in complex markets such as China and the US?

This process began years ago with the execution of greenfield projects for back production. Today, the capacity is being expanded. The US is a fast-growing market for the business, and Europe represents a significant portion of Stevanato Group's revenues. However, this situation will change over the next few years.

How has Stevanato Group adapted to the trend of innovation coming from smaller companies in the biopharma industry that lack the entire service chain?

Stevanato Group's services are suitable for both big and small companies. We provide a good entry point in terms of analytical services, finding the right solution with the customer for the drug, and early engagement with the customer to consider containment solutions.

Our company provides a complete solution that allows customers to focus on their business while Stevanato Group takes care of non-core aspects of the business using its broad range of experience across different therapeutic areas. This experience is particularly useful in fast-growing markets in the biotech sector that requires specific performance and value propositions.

Has there been an increasing level of openness to partnering and collaborating at earlier development stages with both large and small companies?

Generally, companies are very open to collaboration. The reason is that the value of the containment solution for a treatment is minor with respect to the total cost of the treatment. However, the risk associated with the wrong choice of container is extremely high.

What does innovation look like at Stevanato Group and can you provide any examples of your innovative solutions?

While Stevanato Group innovates with respect to the specific features of a single product, its strength is in integrating its capability. For example, developing vials requires the know-how involved in the coating and quality of the vials, the engineering of the production line, the packaging, and the visual inspection machinery. This value proposition greatly reduces the total cost of ownership for the customer and provides greater speed and flexibility in production. Stevanato Group is a pioneer in this space and licenses its technology to other players to give the customer more possibilities for sourcing their needs.

How is Stevanato Group approaching the issue of sustainability?

Stevanato Group has committed to environmental, social, and corporate governance. With respect to sustainability, the company is focused on the use of energy and the reduction of waste. Therefore, the company's approach to high-quality processes leads to more effective production and smaller rejections. Moreover, the company will be setting its agenda for carbon neutrality through the integration of systems, renewable energy, and a combination of energy needs in the next year.

What is the continued relevance of Italy to Stevanato Group today and moving forward?

While the company's Italian legacy will continue to influence its culture, Stevanato Group wishes to develop its status as an international organisation as the business targets markets beyond Europe. The company is focused on diversifying its management to represent this international presence;

however, this process takes time.

How are the funds raised by the IPO going to be allocated??

Over the next five years, Stevanato Group plans to continue to invest in the growth of the business. That includes through new facilities and increased capacity to meet increasing customer demand worldwide, and through R&D to maintain and advance our market position in various areas. We may also pursue selective inorganic or M&A opportunities.

What does the company hope to achieve in the short to medium term?

The company must continue to focus on its investments, delivery of the value proposition to the customer, and the strength of its internal and external supply chain. Stevanato Group must expand its pipeline of opportunities with its customers and further establish itself as an important player in the pharmaceutical market.

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