

## Industrie Chimiche Forestali

Sector: Industrial

### Faster than Expected Recovery

- **We keep our BUY rating on ICF and we raise our target price from EUR8.00 to EUR8.50, a very strong upside. 3Q results were positive and above our estimates both at top-line and EBITDA level. While footwear still lags behind as sell-out is hampered by travel limits, automotive is recovering very well. A large amount of raw materials secured at low prices during the pandemic is still a margin and cash generation tailwind. In our view, the stock is trading at very low multiples given its (i) proven resiliency of top line and margins; (ii) strong cash flow generation (approx. Eu4mn normalised FCF over LTM); (iii) highly committed management team.**
- **Strong acceleration of the recovery path in Q3.** ICF 3Q20 preliminary P&L figures surprised on the upside yesterday. Revenues in the quarter reached Eu15.5mn, declining 7% YoY and posting a significant recovery vs 2Q figure (-43.6%) thanks to a strong performance in the automotive sector. EBITDA came out at Eu2.2mn in the quarter, yielding a 14.2% margin on sales thanks to (i) raw materials secured at low prices in June and (ii) cost efficiencies gained by the management. Cash generation was strong in the quarter with net debt declining from Eu9.0mn at 1H20 to Eu7.2mn at 9M20 (after Eu0.1mn buyback in the quarter).
- **Automotive is driving growth while raw materials secured at cheap prices in 1H grant extra-margins.** After the dramatic impacts of the pandemic in 2Q, ICF has been highly resilient in the third quarter confirming the trend already depicted by the management. As automotive has regained pace, starting from July, the company significantly increased its production volumes. While for the time being demand from automotive clients is still healthy (as confirmed by the management in the press release), main concerns are now related to new more severe lockdown measures, which could stop business activity in a critical period for the company. On the contrary, footwear and leather goods clients are still lagging, as travel restrictions (leather goods) and smart working (footwear) are having a significant impact on sell-out. Management wise choice of purchasing in advance raw materials in July at low prices is granted some extra margin in 3Q (and partially also in 4Q), as selling prices are rising, according to raw materials spot prices.
- **Estimated fine-tuned upwards after a faster than expected recovery.** Following better than expected 3Q results we are lifting our FY20 estimates. Our numbers now point to Eu59.8mn revenues (-16.5% YoY), Eu6.7mn EBITDA (-26.5% YoY, yielding a 11.1% margin on sales) and Eu6.1mn Net debt. As the months of October and November have shown very positive sales trend (especially in the automotive) as the order backlog is at good level (despite with a limited visibility), we deem these numbers as highly visible. In FY21 we are slightly fine tuning upward our estimates on the back of a stronger than expected recovery in the automotive sector. Cash generation should continue to be very strong.
- **BUY confirmed; TP raised to EUR8.5.** We keep our BUY rating on ICF and we raise our target price from EUR8.00 to EUR8.50 (ca 90% upside), based on average of DCF and peers' multiples. At current market price, the stock is trading at huge discount to its peers (>60% on FY21 EV/EBIT and >60% on FY21 PE). At our target price the stock would be trading at 15.2x PE, 7.5x EV/EBITDA and 10.3x EV/EBIT on FY21.

## BUY

Unchanged

## TP 8.50

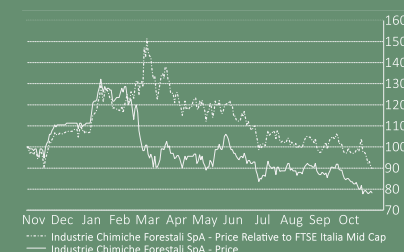
From 8.00

Target price upside 88%

Change in EPS est.	FY20E	FY21E
	34.2%	6.5%

Ticker (BBG, Reut)	ICF IM	ICF MI
Share price Ord. (Eu)		4.5
N. of Ord. shares (mn)		7.2
Total N. of shares f.d. (mn)		7.3
Market cap (Eu mn)		32
Total Market Cap f.d. (Eu mn)		33
Free Float Ord. (%)		91%
Free Float Ord. (Eu mn)		30
Daily AVG liquidity Ord. (Eu k)		37

	1M	3M	12M
Absolute Perf.	-8.8%	-10.8%	-20.9%
Rel.to FTSEMidCap	-7.7%	-11.6%	-8.0%
52 weeks range		4.5	7.6



	FY19A	FY20E	FY21E
Sales	72	60	71
EBITDA adj.	9.1	6.7	8.7
Net profit adj.	4.5	2.8	4.1
EPS adj.	0.632	0.385	0.571
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	6.3x	5.9x	4.1x
P/E adj.	11.6x	12.0x	8.1x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	14.5%	-1.6%	10.1%
Net debt/(Net cash)	4.4	6.1	2.8
Net debt/EBITDA	0.5x	0.9x	0.3x

Gianpiero Di Perna  
 gianpiero.diperna@alantra.com  
 +39 02 63 671 624

Giuseppe Marsella  
 Guseppe.marsella@alantra.com  
 +39 02 63 671 620

## Key Data

P&L account (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	79.7	71.7	59.8	71.1	75.4
Gross margin	27.1	27.5	24.1	26.5	28.9
EBITDA reported	8.5	9.1	6.7	8.7	10.3
D&A	(7.4)	(4.2)	(3.9)	(4.1)	(4.1)
EBIT reported	1.0	4.8	2.7	4.6	6.2
Net financial charges	(0.9)	(0.3)	(0.5)	(0.5)	(0.4)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	(3.0)	0.0	0.0	0.0	0.0
Pre-tax profit	(2.9)	4.5	2.2	4.1	5.8
Taxes	(0.9)	(1.0)	(1.2)	(1.7)	(2.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	(3.8)	3.5	1.1	2.4	3.6
<b>EBITDA adjusted</b>	<b>8.5</b>	<b>9.1</b>	<b>6.7</b>	<b>8.7</b>	<b>10.3</b>
<b>EBIT adjusted</b>	<b>6.4</b>	<b>6.8</b>	<b>4.4</b>	<b>6.3</b>	<b>7.9</b>
<b>Net profit adjusted</b>	<b>3.9</b>	<b>4.5</b>	<b>2.8</b>	<b>4.1</b>	<b>5.3</b>

Margins (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Gross margin	34.0%	38.4%	40.3%	37.3%	38.3%
EBITDA margin (adj)	10.7%	12.6%	11.1%	12.3%	13.6%
EBIT margin (adj)	8.0%	9.4%	7.4%	8.9%	10.4%
Pre-tax margin	-3.6%	6.2%	3.7%	5.8%	7.7%
Net profit margin (adj)	4.9%	6.3%	4.6%	5.8%	7.0%

Growth rates (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	1.3%	-10.1%	-16.5%	18.8%	6.1%
EBITDA	-6.6%	6.6%	-26.5%	30.8%	17.9%
EBITDA adjusted	-6.6%	6.6%	-26.5%	30.8%	17.9%
EBIT	-75.2%	372.5%	-43.5%	69.7%	33.7%
EBIT adjusted	-9.7%	5.5%	-34.8%	42.9%	24.6%
Pre-tax	-198.4%	nm	nm	nm	41.4%
Net profit	-401.2%	nm	nm	nm	nm
Net profit adjusted	-7.7%	15.5%	-39.1%	48.3%	29.3%

Per share data	FY18A	FY19A	FY20E	FY21E	FY22E
Shares	7.543	7.177	7.177	7.177	7.177
N. of shares AVG	7.543	7.177	7.177	7.177	7.177
N. of shares diluted AVG	7.543	7.436	7.329	7.329	7.329
<b>EPS</b>	<b>(0.500)</b>	<b>0.483</b>	<b>0.148</b>	<b>0.334</b>	<b>0.501</b>
<b>EPS adjusted</b>	<b>0.521</b>	<b>0.632</b>	<b>0.385</b>	<b>0.571</b>	<b>0.738</b>
<b>DPS - Ord.</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	10.039	10.726	10.874	11.208	11.709

Enterprise value (Eu m)	FY18A	FY19A	FY20E	FY21E	FY22E
Share price Ord. (Eu)		7.2	4.5	4.5	4.5
Market cap f.d.*		52.8	33.1	33.1	33.1
Net debt/(Net cash)	9.3	4.4	6.1	2.8	(2.6)
Adjustments		0.0	0.0	0.0	0.0
Enterprise value		57.2	39.3	35.9	30.6

\*f.d. shares include the conversion of special shares, do not include the conversion of warrants.

Cash flow (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
EBITDA adjusted	8.5	9.1	6.7	8.7	10.3
Net financial charges	(0.9)	(0.3)	(0.5)	(0.5)	(0.4)
Cash taxes	(1.1)	(1.0)	(1.7)	(1.7)	(2.2)
Ch. in Working Capital	(3.3)	1.2	(2.5)	(1.7)	(0.8)
Other operating items	0.0	(0.4)	(0.3)	(0.3)	(0.3)
<b>Operating cash flow</b>	<b>3.3</b>	<b>8.6</b>	<b>1.7</b>	<b>4.5</b>	<b>6.7</b>
Capex	(1.3)	(0.9)	(2.2)	(1.2)	(1.3)
<b>FCF</b>	<b>2.0</b>	<b>7.7</b>	<b>(0.5)</b>	<b>3.3</b>	<b>5.4</b>
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	5.1	(1.2)	(1.2)	0.0	0.0
Others	(2.6)	(1.6)	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
<b>Ch. in NFP</b>	<b>4.5</b>	<b>4.9</b>	<b>(1.7)</b>	<b>3.3</b>	<b>5.4</b>

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Capex/Sales</b>	<b>1.6%</b>	<b>1.3%</b>	<b>3.7%</b>	<b>1.7%</b>	<b>1.7%</b>
Capex/D&A	0.2x	0.2x	0.6x	0.3x	0.3x
FCF/EBITDA	23.0%	84.7%	-8.0%	38.2%	52.2%
FCF/Net profit	-51.9%	nm	nm	nm	nm
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Balance sheet (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Working capital	14.5	13.8	16.5	18.0	18.6
Fixed assets	78.1	76.6	73.1	68.6	64.1
Provisions & others	(7.6)	(9.1)	(5.5)	(3.3)	(1.3)
<b>Net capital employed</b>	<b>85.0</b>	<b>81.4</b>	<b>84.2</b>	<b>83.2</b>	<b>81.5</b>
<b>Net debt/(Net cash)</b>	<b>9.3</b>	<b>4.4</b>	<b>6.1</b>	<b>2.8</b>	<b>(2.6)</b>
Equity	75.7	77.0	78.0	80.4	84.0
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Working capital/Sales</b>	<b>18.2%</b>	<b>19.2%</b>	<b>27.6%</b>	<b>25.3%</b>	<b>24.7%</b>
<b>Net debt/Equity</b>	<b>12.3%</b>	<b>5.7%</b>	<b>7.9%</b>	<b>3.5%</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>1.1x</b>	<b>0.5x</b>	<b>0.9x</b>	<b>0.3x</b>	<b>nm</b>

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
<b>EV/CE</b>		<b>0.6x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.4x</b>
P/BV		0.7x	0.4x	0.4x	0.4x
EV/Sales		0.8x	0.7x	0.5x	0.4x
EV/EBITDA		6.3x	5.9x	4.1x	3.0x
<b>EV/EBITDA adjusted</b>		<b>6.3x</b>	<b>5.9x</b>	<b>4.1x</b>	<b>3.0x</b>
EV/EBIT		nm	nm	nm	nm
<b>EV/EBIT adjusted</b>		<b>8.4x</b>	<b>8.9x</b>	<b>5.7x</b>	<b>3.9x</b>
P/E		nm	nm	nm	nm
<b>P/E adjusted</b>		<b>11.6x</b>	<b>12.0x</b>	<b>8.1x</b>	<b>6.3x</b>
ROCE pre-tax		7.4%	4.9%	7.2%	9.3%
<b>ROE</b>		<b>5.9%</b>	<b>3.5%</b>	<b>5.1%</b>	<b>6.3%</b>
EV/FCF		7.4x	-73.5x	10.8x	5.7x
<b>FCF yield</b>		<b>14.5%</b>	<b>-1.6%</b>	<b>10.1%</b>	<b>16.2%</b>
<b>Dividend yield</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

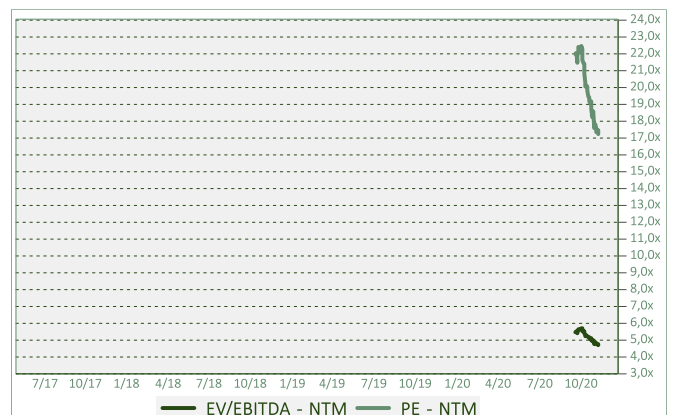
## Share price performance

Weak performance since business combination



## Valuation

Data not available



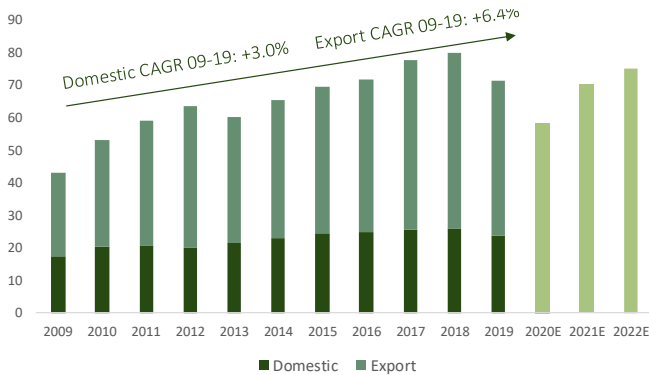
# ALANTRA

Italian Equity Research

## Key Charts

### Solid organic top line growth in the long term (FY09A-FY22E)

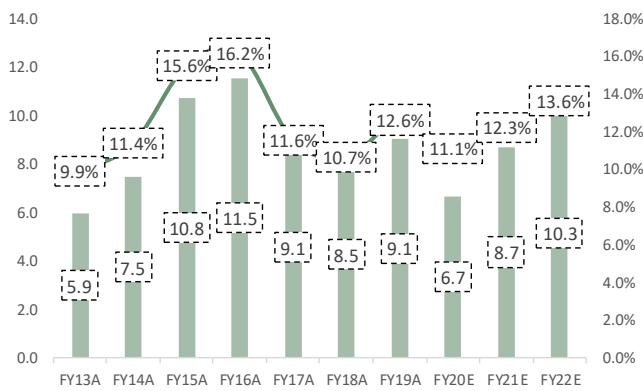
FY20 sales seen highly impacted by Covid-19 outbreak



Source: company data

### A profitable business (FY13A-FY22E EBITDA and margin)

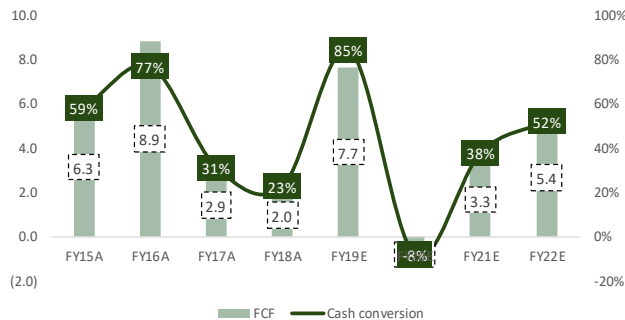
Profitability could show some resilience to Covid-19 outbreak



Source: company data

### Cash generative (FY15A-FY22E FCF and cash conversion)

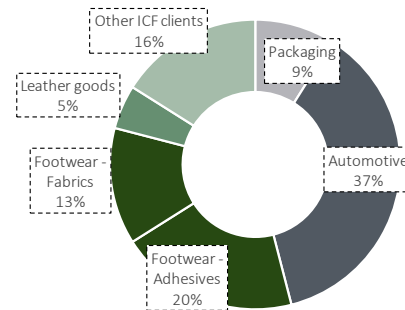
The average EBITDA cash conversion was >50% in FY15-19 period



Source: company data

### Revenues breakdown by Sector (FY19)

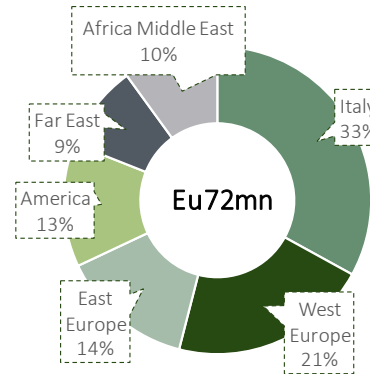
Born in footwear, ICF expanded in automotive, packaging and leather goods



Source: Company data

### Revenues breakdown by Geography (FY19)

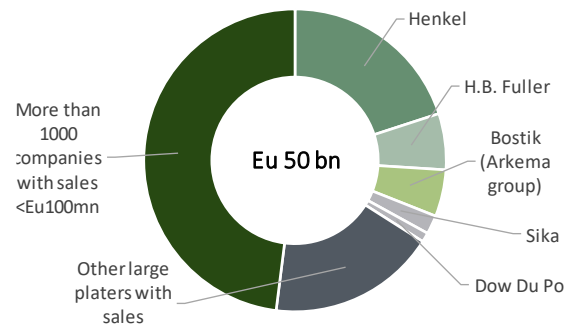
Well diversified by geography



Source: company data

### Market calling for consolidation (FY17 adhesive market)

ICF wants to act as a consolidator but may also become a target



Source: HB Fuller capital markets day 2018

## Profile

<b>Background</b>	<p>ICF manufactures adhesives (81% of sales in FY19) and technical fabrics (19%). The company carries out its activities from its production site located in Marcallo con Casone (the plant occupies an area of about 22,800 square meters out of a property of 60.000 square meters), through two distinctive divisions: <i>Forestali</i> and ABC (<i>Adhesive Based Chemicals</i>). The <i>Forestali</i> division (54.8%) manufactures: (i) adhesives and technical fabrics (i.e. toe-puffs and stiffeners) for the footwear industry; (ii) adhesives and technical fabrics (i.e. linings and reinforcing) for leather goods and upholstered furniture. <i>Forestali</i> also acts as a contract manufacturer in the production of third parties' brands for well recognized international players. The ABC division (45.2%) was launched in 2005 and manufactures industrial adhesives for the automotive and packaging industry. Automotive represents the most important reference sector accounting for 36.4% of sales. Footwear is the second largest sector accounting for 35.8% of sales. Smaller contribution to total revenues but higher potential for growth comes from Packaging (8.9%) and Leather Goods (4.9%).</p>
<b>Positioning</b>	<p>ICF has been gaining shares in adhesives reference markets by leveraging on its niche positioning between global players and local competitors. ICF has, on one side, a higher degree of flexibility compared to global players, which struggle to serve a fragmented customer base; on the other, the group represents a certified and reliable partner respecting strict standards of quality that increase reliability at the eyes of customers and differentiate ICF from other regional competitors.</p> <p>As of today, the company can rely on 3 R&amp;D Labs (Manufacturing, Automotive, Packaging) with more than 20 people employed. As the company focus on sustainability to attract new clients, over the last decade the amount of water-based and solvent free adhesives over total production increased from 34% to 53% significantly reducing emissions generated by their manufacturing processes.</p> <p>ICF sells its adhesives and fabrics all over the world. Sales made abroad were a relevant driver of growth over the last decade, representing 67% of 2019 total sales from 59% in 2009. The company distributes its products both directly, through a network of 9 experienced sales, and via agents / distributors.</p>
<b>Growth</b>	<p>Since 2009, when Guido Cami was appointed as group's CEO, ICF has built a history of long-term solid growth: revenues grew organically from Eu43.0mn in FY09 to Eu71.6mn in FY19 posting a 5.2% 11Y CAGR. Growth came mainly from revenues made abroad thanks to an effective commercial activity made both in the US and in Asia. Cumulative adjusted Free Cash Flow generation over 2012-2019 period was of Eu38.5mn. On average EBITDA cash conversion was 55%.</p> <p>The adhesive and sealants market is worth today around USD50bn (source: Arkema Capital markets day 2017, IHS research). Mechanical fastening replacement and growth of adhesive consumption in emerging markets are the main drivers behind a relentless market growth expected in coming years (3% to 3.5% per year) which should bring total value to around USD70bn by 2027. At the same time, the presence of few large players (representing almost 40% of the market) and a multitude of smaller companies leaves room for consolidation in coming years also pushed by more and more stringent regulatory/environmental requirements for adhesives production.</p>
<b>Strategy</b>	<p>ICF is unceasingly expanding its commercial network in large and underpenetrated footwear markets (e.g. APAC, LATAM). While there is little room to grow further into automotive, the diversification into structurally growing industries like flexible packaging and leather goods (where ICF's know-how on environmental-friendly water-based adhesives is key) is far from being complete. ICF also considers M&amp;A an integral part of its growth strategy and an opportunity to consolidate its leadership in reference markets, enter into new geographies/end markets, expand along the value chain and benefit from tangible revenue and cost synergies. We estimate ICF could count on ca Eu25mn firepower thanks to its unlevered balance sheet and solid cash generation, while equity funded offers might be another option.</p>

### Key shareholders

Sycamore AM 9.7%  
First Capital 10.1%  
Amundi SGR 5.3%

### Management

Guido Cami - CEO and Chairman  
Marcello Taglietti - COO  
Massimo Rancilio - CFO

### Next events

## SWOT Analysis

### Strengths

- Global leading player in the supply of adhesives for car headliners, amongst the leading Italian players in the supply of adhesives and technical fabrics for Footwear
- High quality and well-recognized products
- Longstanding customer relationships and international distribution network
- Strong R&D and technical assistance teams
- Higher flexibility compared to large players
- Higher reliability compared to small players thanks to compliance with strict quality standards and environmental certifications and standards
- Production capacity availability, low maintenance capex needs, sound cash generation
- Managerial and structured company

### Weaknesses

- Need to further increase diversification: exposure to cyclical automotive market is still significant
- In the automotive sector ICF competes with global chemical players with much larger scale
- Less competitive in foreign adhesive markets compared to local players due to costly transport and duties
- Despite the board puts together individual M&A experience, ICF still has no track record in M&A

### Opportunities

- M&A to expand footprint, to achieve higher product and geographical diversification, to extract revenues and costs synergies
- Develop new commercial relationships and industrial partnership (or implement new greenfield capacity) to further penetrate attractive markets (e.g. USA, India, China and Brazil) and sectors (leather goods, packaging)
- Increase R&D investments on water-based adhesives in order to attract new customers interested in environmental-friendly adhesive technologies
- Public company status exposes the company to potential take-over

### Threats

- The competitive landscape in Automotive is populated by large players that in some cases are also ICF's raw materials suppliers: aggressive commercial behavior from these players could hit ICF
- Limited number of raw materials suppliers: extraordinary supply chain shocks could cause unexpected swings in raw materials prices, temporarily hampering profitability
- Cyclical downturn should hit demand from automotive customers
- Technological disruptions in the production of car headliners
- Weaknesses in the Italian footwear producers / increasing penetration of textile shoes could cause a decline of demand for ICF
- Inability to finalize M&A deal / difficulties in integrating acquired companies
- Protectionist policies at international level and setback in emerging market
- Coronavirus impact on future production volumes of auto and footwear markets; potential impact on the supply chain given raw materials producers have plants in China.

## 3Q20 Results

### Results

3Q results show a strong acceleration in the recovery

Eu mn	3Q19A	3Q20A	YoY %	9M19A	9M20A	YoY %	4Q19A	4Q20E	YoY %	FY19A	FY20E	YoY %
<b>Revenues</b>	<b>16.7</b>	<b>15.5</b>	<b>-7.0%</b>	<b>53.2</b>	<b>44.1</b>	<b>-17.1%</b>	<b>18.5</b>	<b>15.7</b>	<b>-14.7%</b>	<b>71.7</b>	<b>59.8</b>	<b>-16.5%</b>
on sales %	100.0%	100.0%		100.0%	0.0%		100.0%	0.0%		100.0%	100.0%	
Other revenues and income										0.8	0.2	
on sales %										0.0%	0.0%	
<b>Value of Production</b>										<b>72.5</b>	<b>60.0</b>	<b>-17.2%</b>
on sales %										101.1%	100.3%	
Purchase of raw materials										(44.9)	(35.9)	
on sales %										-62.7%	-60.0%	
<b>Gross Margin</b>										<b>27.5</b>	<b>24.1</b>	<b>-12.4%</b>
on sales %										38.4%	40.3%	
Services										(9.8)	(9.1)	
on sales %										-13.6%	-15.1%	
Personnel										(8.7)	(8.4)	
on sales %										-12.2%	-14.0%	
<b>EBITDA Adjusted</b>	<b>2.2</b>	<b>2.2</b>	<b>-2.1%</b>	<b>6.6</b>	<b>5.2</b>	<b>-21.2%</b>	<b>2.5</b>	<b>1.5</b>	<b>-40.5%</b>	<b>9.1</b>	<b>6.7</b>	<b>-26.5%</b>
Ebitda Margin %	13.5%	14.2%		12.4%	11.8%		13.4%	9.3%		12.6%	11.1%	
D&A										(4.2)	(3.9)	
Provisions										(0.1)	0.0	
<b>EBIT Adjusted</b>										<b>6.8</b>	<b>4.4</b>	<b>-34.8%</b>
Ebit Margin %										9.4%	7.4%	
Net financial income (expense)										(0.3)	(0.5)	
Taxes										(1.0)	(1.2)	
Tax rate %										-22.2%	-29.5%	
<b>Restated Net Profit</b>										<b>4.5</b>	<b>2.8</b>	<b>-39.1%</b>
Net Profit Margin %										4.8%	1.8%	
<b>NFP end of the period</b>	<b>(8.7)</b>	<b>(7.2)</b>		<b>(8.7)</b>	<b>(7.2)</b>		<b>(4.4)</b>	<b>(6.1)</b>		<b>(4.4)</b>	<b>(6.1)</b>	

Source: Alantra estimates

## Estimates

### Change in estimates

Estimated fine-tuned upwards after a faster than expected recovery.

(Eu mn)	NEW Estimates				% Change		
	FY19A	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Total Revenues / Value of Production	71.7	59.8	71.1	75.4	2.5%	1.0%	0.0%
EBITDA Adjusted	9.1	6.7	8.7	10.3	17.6%	4.3%	0.0%
EBIT Adjusted	6.8	4.4	6.3	7.9	29.2%	6.0%	-0.1%
Net profit restated	4.5	2.8	4.1	5.3	34.2%	6.5%	-0.1%
EPS	0.632	0.385	0.571	0.738	34.2%	6.5%	-0.1%
Net financial position	(4.4)	(6.1)	(2.8)	2.6	0.0	(0.0)	0.4

Source: Alantra estimates

# ALANTRA

Italian Equity Research

## Peers

### Trading multiples

At current market price, the stock is at huge discount vs peers on 2021/2022E

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Industrie Chimiche Forestali Premium (discount) to Peers' Median	ITALY	33	5.9 x	4.1 x	3.0 x	8.9 x	5.7 x	3.9 x	12.0 x	8.1 x	6.3 x	0.7 x	0.5 x	0.4 x
			-43%	-54%	-64%	-58%	-61%	-66%	-50%	-50%	-56%	-65%	-71%	-75%
<b>PEERS</b>														
	Average		12.8 x	10.2 x	9.0 x	23.4 x	15.8 x	13.3 x	31.1 x	18.7 x	16.0 x	2.1 x	1.9 x	1.7 x
	Median		10.3 x	9.0 x	8.3 x	21.2 x	14.7 x	11.4 x	24.1 x	16.2 x	14.3 x	1.9 x	1.7 x	1.6 x
Henkel AG & Co. KGaA Pref	GERMANY	38,534	12.3 x	11.1 x	10.2 x	15.7 x	13.8 x	12.6 x	21.9 x	19.4 x	18.2 x	2.1 x	2.0 x	1.9 x
Sika AG	SWITZERLAND	30,933	25.2 x	21.3 x	18.7 x	33.6 x	27.5 x	23.7 x	45.9 x	36.8 x	32.3 x	4.5 x	4.1 x	3.8 x
Arkema SA	FRANCE	6,985	7.3 x	6.2 x	5.6 x	14.0 x	11.1 x	9.0 x	18.5 x	13.8 x	12.0 x	1.1 x	1.0 x	0.9 x
H.B. Fuller Company	UNITED STATES	2,221	11.1 x	9.9 x	8.8 x	17.6 x	14.6 x	12.6 x	20.0 x	16.1 x	14.7 x	1.6 x	1.5 x	1.4 x
<b>PEERS Adhesives Producers</b>														
	Average		14.0 x	12.1 x	10.8 x	20.2 x	16.8 x	14.5 x	26.5 x	21.5 x	19.3 x	2.3 x	2.2 x	2.0 x
	Median		11.7 x	10.5 x	9.5 x	16.6 x	14.2 x	12.6 x	20.9 x	17.8 x	16.5 x	1.9 x	1.7 x	1.6 x
SAES Getters S.p.A.	ITALY	430	18.8 x	15.0 x	13.7 x	28.3 x	21.6 x	19.3 x	44.6 x	23.6 x	20.2 x	3.3 x	3.0 x	2.8 x
Cembre S.p.A.	ITALY	286	9.4 x	8.1 x	7.8 x	14.3 x	11.3 x	11.0 x	20.0 x	16.2 x	15.7 x	2.2 x	2.0 x	1.9 x
LU-VE SpA	ITALY	293	9.3 x	7.5 x	6.2 x	24.8 x	15.3 x	11.2 x	26.4 x	15.6 x	12.0 x	1.0 x	0.9 x	0.8 x
Aquafil SpA	ITALY	155	8.1 x	6.0 x	4.9 x	40.1 x	17.0 x	11.7 x	57.0 x	14.9 x	9.7 x	0.9 x	0.8 x	0.7 x
Sabaf S.p.A.	ITALY	148	7.0 x	5.8 x	5.5 x	15.6 x	11.4 x	10.6 x	18.5 x	12.2 x	11.4 x	1.3 x	1.1 x	1.0 x
B&C Speakers S.p.A.	ITALY	103	19.0 x	11.5 x	8.7 x	29.9 x	14.8 x	11.0 x	37.9 x	18.7 x	14.0 x	2.9 x	2.3 x	2.0 x
<b>PEERS Italian Small-Caps</b>														
	Average		11.9 x	9.0 x	7.8 x	25.5 x	15.2 x	12.5 x	34.1 x	16.9 x	13.8 x	1.9 x	1.7 x	1.6 x
	Median		9.4 x	7.8 x	7.0 x	26.6 x	15.0 x	11.1 x	32.1 x	15.9 x	13.0 x	1.7 x	1.6 x	1.5 x

Company	Country	Mkt Cap (Eu mn)	Dividend Yield			FCF Yield			Net Debt/EBITDA			P/BV		
			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Industrie Chimiche Forestali	ITALY		0.0%	0.0%	0.0%	-1.6%	10.1%	16.2%	0.9 x	0.3 x	nm	0.4 x	0.4 x	0.4 x
<b>PEERS</b>														
	Average		2.0%	2.8%	3.1%	5.3%	6.1%	7.0%	2.6 x	1.7 x	1.6 x	2.7 x	2.4 x	2.2 x
	Median		1.9%	3.0%	3.2%	4.3%	5.7%	5.7%	2.3 x	1.5 x	1.3 x	1.8 x	1.8 x	1.7 x
Henkel AG & Co. KGaA Pref	GERMANY	38,534	2.0%	1.9%	2.0%	4.3%	4.8%	5.2%	0.5 x	0.1 x	nm	2.1 x	2.0 x	1.9 x
Sika AG	SWITZERLAND	30,933	1.0%	1.2%	1.4%	3.0%	3.1%	3.7%	2.1 x	1.4 x	1.0 x	9.5 x	8.2 x	7.1 x
Arkema SA	FRANCE	6,985	2.7%	3.1%	3.0%	6.3%	4.1%	6.5%	1.2 x	0.9 x	0.7 x	1.3 x	1.2 x	1.2 x
H.B. Fuller Company	UNITED STATES	2,221	1.2%	1.3%	1.3%	7.8%	7.8%	8.5%	4.3 x	3.6 x	3.0 x	2.1 x	1.9 x	1.7 x
<b>PEERS Adhesives Producers</b>														
	Average		1.7%	1.9%	1.9%	5.3%	5.0%	6.0%	2.0 x	1.5 x	1.5 x	3.7 x	3.3 x	3.0 x
	Median		1.6%	1.6%	1.7%	5.3%	4.4%	5.9%	1.6 x	1.2 x	1.0 x	2.1 x	1.9 x	1.8 x
SAES Getters S.p.A.	ITALY	430	2.1%	3.2%	3.5%	0.5%	3.4%	4.1%	3.6 x	3.0 x	2.8 x	1.6 x	1.7 x	1.6 x
Cembre S.p.A.	ITALY	286	5.2%	5.2%	5.4%	3.4%	4.9%	4.9%	nm	0.0 x	0.0 x	1.8 x	1.8 x	1.8 x
LU-VE SpA	ITALY	293	1.5%	2.0%	2.3%	1.1%	6.5%	9.2%	2.5 x	1.9 x	1.3 x	1.9 x	1.7 x	1.5 x
Aquafil SpA	ITALY	155	0.0%	2.9%	3.4%	16.9%	13.1%	16.6%	4.4 x	3.2 x	2.5 x	1.3 x	1.2 x	1.1 x
Sabaf S.p.A.	ITALY	148	2.6%	4.0%	4.2%	nm	7.0%	5.7%	2.0 x	1.5 x	1.4 x	1.3 x	1.2 x	1.2 x
B&C Speakers S.p.A.	ITALY	103	1.8%	3.2%	4.2%	4.7%	6.6%	5.7%	nm	nm	nm	3.7 x	3.3 x	2.9 x
<b>PEERS Italian Small-Caps</b>														
	Average		2.2%	3.4%	na	5.3%	6.9%	na	3.2 x	1.9 x	1.6 x	1.9 x	1.8 x	na
	Median		1.9%	3.2%	na	3.4%	6.5%	na	3.1 x	1.9 x	1.4 x	1.7 x	1.7 x	na

Source: Alantra estimates and Factset

### Financials

Selected peers enjoy better financials than ICF being larger/more diversified (Adhesives producers) or being active in different businesses (Italian Small-Caps)

Company	Country	Mkt Cap (Eu mn)	FY20E - FY22E average margins					CAGR FY19A - FY22E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
Industrie Chimiche Forestali	ITALY	33	12.3%	8.9%	5.8%	2.4%	0.0%	1.7%	4.3%	5.1%	5.3%
<b>PEERS</b>											
	Average		17.5%	11.3%	7.5%	5.4%	48.8%	1.8%	3.8%	6.0%	3.8%
	Median		18.2%	11.7%	6.8%	5.4%	44.1%	1.0%	3.2%	3.2%	1.9%
Henkel AG & Co. KGaA Pref	GERMANY	38,534	17.8%	14.2%	9.7%	3.6%	39.3%	0.5%	-1.4%	-1.9%	-2.0%
Sika AG	SWITZERLAND	30,933	19.2%	14.9%	10.8%	2.4%	45.8%	3.7%	9.8%	11.3%	14.0%
Arkema SA	FRANCE	6,985	15.9%	9.1%	5.9%	7.5%	42.4%	-0.6%	-0.5%	-1.2%	-2.3%
H.B. Fuller Company	UNITED STATES	2,221	15.1%	10.1%	5.9%	3.1%	21.3%	0.4%	2.1%	4.1%	6.3%
<b>PEERS Adhesives Producers</b>											
	Average		17.0%	12.1%	8.1%	4.1%	37.2%	1.0%	2.5%	3.1%	4.0%
	Median		16.8%	12.2%	7.8%	3.3%	40.9%	0.5%	0.8%	1.4%	2.2%
SAES Getters S.p.A.	ITALY	430	19.3%	13.3%	7.7%	7.9%	80.1%	2.8%	4.3%	2.2%	5.7%
Cembre S.p.A.	ITALY	286	24.4%	17.1%	12.0%	8.0%	90.7%	1.4%	0.5%	-0.2%	-5.1%
LU-VE SpA	ITALY	293	12.4%	6.0%	4.3%	5.8%	32.7%	4.3%	7.1%	19.6%	12.0%
Aquafil SpA	ITALY	155	12.7%	4.2%	1.7%	5.0%	26.0%	0.1%	7.0%	9.9%	-2.0%
Sabaf S.p.A.	ITALY	148	18.6%	9.2%	5.7%	8.9%	48.3%	8.2%	11.5%	17.8%	15.0%
B&C Speakers S.p.A.	ITALY	103	19.4%	14.5%	11.6%	2.3%	61.6%	-2.4%	-2.6%	-1.7%	-3.5%
<b>PEERS Italian Small-Caps</b>											
	Average		17.8%	10.7%	7.2%	6.3%	56.6%	2.4%	4.7%	7.9%	3.7%
	Median		19.0%	11.3%	6.7%	6.8%	54.9%	2.1%	5.7%	6.0%	1.9%

Source: Alantra estimates and Factset

## Performance

Strongly underperforming Chemical peers over the last 6M

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
Industrie Chimiche Forestali	ITALY	33	-8.8%	-10.8%	-15.1%	-20.9%	-56.6%	na
PEERS	Average		-2.2%	2.2%	20.1%	-6.7%	-9.9%	70.5%
	Median		-1.2%	3.0%	17.9%	-4.7%	-17.8%	30.9%
Henkel AG & Co. KGaA Pref	GERMANY	38,534	-1.3%	10.0%	15.7%	-3.1%	-23.8%	-3.8%
Sika AG	SWITZERLAND	30,933	0.2%	14.7%	41.0%	35.7%	93.5%	325.4%
Arkema SA	FRANCE	6,985	-4.4%	1.0%	20.1%	-6.4%	-14.5%	35.3%
H.B. Fuller Company	UNITED STATES	2,221	2.7%	5.0%	39.6%	-1.5%	-7.3%	30.0%
PEERS Adhesives Producers	Average		-0.7%	7.7%	29.1%	6.2%	12.0%	96.7%
	Median		-0.5%	7.5%	29.8%	-2.3%	-10.9%	32.6%
SAES Getters S.p.A.	ITALY	430	-9.0%	-18.1%	4.8%	-19.9%	-10.9%	157.1%
Cembre S.p.A.	ITALY	286	-1.2%	-2.6%	10.9%	-25.8%	-26.8%	18.3%
LU-VE SpA	ITALY	293	0.8%	8.2%	25.7%	25.1%	23.0%	33.7%
Aquafil SpA	ITALY	155	-4.7%	-1.8%	6.8%	-48.0%	-72.4%	na
Sabaf S.p.A.	ITALY	148	-8.9%	6.2%	26.0%	1.2%	-38.4%	8.0%
B&C Speakers S.p.A.	ITALY	103	3.8%	-0.4%	10.9%	-23.7%	-21.2%	30.9%
PEERS Italian Small-Caps	Average		-3.2%	-1.4%	14.2%	-15.2%	-24.4%	49.6%
	Median		-3.0%	-1.1%	10.9%	-21.8%	-24.0%	30.9%

Source: Alantra estimates and Factset



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