

Industrie Chimiche Forestali

Sector: Industrial

Volumes Tailwind; Raw Materials Headwind

BUY

Unchanged

TP 9.00

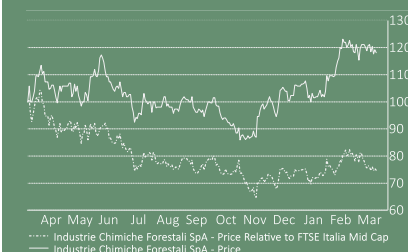
Unchanged

Target price upside 47%

Change in EPS est.	FY21E	FY22E
	-5.4%	4.6%

Ticker (BBG, Reut)	ICF IM	ICF MI
Share price Ord. (Eu)		6.1
N. of Ord. shares (mn)		6.9
Total N. of shares f.d. (mn)		7.1
Market cap (Eu mn)		43
Total Market Cap f.d. (Eu mn)		44
Free Float Ord. (%)		91%
Free Float Ord. (Eu mn)		39
Daily AVG liquidity Ord. (Eu k)		68

	1M	3M	12M
Absolute Perf.	-1.6%	18.8%	13.8%
Rel. to FTSEMidCap	-6.7%	5.8%	-41.6%
52 weeks range		4.5	6.4



	FY20A	FY21E	FY22E
Sales	61	71	75
EBITDA adj.	7.1	8.3	10.3
Net profit adj.	3.3	3.8	5.3
EPS adj.	0.476	0.565	0.788
DPS - Ord.	0.140	0.140	0.140
EV/EBITDA adj.	6.5x	5.4x	3.9x
P/E adj.	13.2x	11.6x	8.3x
Dividend yield	2.3%	2.3%	2.3%
FCF yield	8.3%	8.9%	13.4%
Net debt/(Net cash)	3.2	1.3	(3.1)
Net debt/EBITDA	0.4x	0.2x	nm

We keep our BUY rating on ICF and our TP of EUR9.00, offering ca 50% upside. FY20 results came out slightly above preliminary figures and confirmed a healthy business recovery over 2H20. First months of FY21 have confirmed strong production volumes. Automotive kept the pace of last year, as automakers accelerate on production in sight of a strong post-pandemic demand. In addition, first signs of recovery have emerged in the lagging footwear segment (the company has a good positioning on sport outdoor shoes makers). On the negative, raw materials shortages have caused sharp price increases (chemical products used by ICF have inflated significantly since July20): while no production disruption emerged so far, this dynamic should shrink margin at least in 1Q. M&A could still be a catalyst for the stock, as the company has delivered once again outstanding cash generation in FY20, further enlarging its acquisition war chest.

- **FY20 results, already partially disclosed, are positive and highlight the resiliency of ICF business model.** ICF reported yesterday its full FY20 results. Revenues came out at Eu60.6mn (-15.4% YoY) highlighting a strong recovery over 2H20 (-8.8% vs -21.7% in 1H20) thanks to a significant improvement in the Automotive business and to the geographical diversification of the company. EBITDA came out at Eu7.1mn (-21.2% YoY), yielding a positive 11.8% margin on sales. Net profit was Eu3.3mn in FY20 (-27.2% YoY) after being adjusted for non-recurring items. Net debt declined to Eu3.2mn at YE20 (vs Eu4.4mn at YE19) following a healthy operating cash generation (Eu3.6mn FCF), Eu1.4mn buyback and Eu1.0mn for the purchase of an industrial building. The BoD will propose the distribution of Eu0.14 dividend per share.
- **Raw Materials are the main concern, while end-markets continue to be supportive; M&A could be on the cards.** While management confirmed its positive indications on order intake both for the automotive sector – which is going on with a recovery started 6 months ago – and the footwear sector – which is slowly trying to come out from the sharpest downturn of the last 20Y – main concerns are now related to raw materials inflationary trend (significant price increase since July on ICF’s panel of raw materials). The company has already implemented some upward price adjustments over the past weeks, and some more are likely to come. However, in a context of such sharp price increases across all raw materials, margins could be shrinking. We remind that ICF has seen the weight of materials ranging between >66% of sales in 2018 to 60.4% in 2020. The company has generated >Eu3.6mn operating cash flow in FY21 and could exploit its cash war chest to complete some M&A activities, also benefitting from the tough business environment faced by smaller industry players.
- **Slightly trimming FY21E margins.** Given the sharp rise in raw material price and the usual lag in passing higher costs on clients we expect ICF could see its margins shrinking in 1H21 vs 2H20. On the contrary, we are expecting a good recovery over 2H21 when inflationary pressure should leave room to an easier scenario with likely good volumes. In F21 we are expecting revenues to grow 17.3% at Eu71.1mn and slightly lower EBITDA growth (ca +16.5% YoY) at Eu8.3mn, yielding a 11.7% margin on sales. We expect ICF to continue to be a strong cash flow generator, as we see net debt coming down to Eu1.2mn by YE21 (Eu2.0mn cash generation).
- **BUY rating and EUR9.0 TP confirmed.** We keep our BUY rating and our EUR9.00 TP on the stock (ca 50% upside), based on average of DCF and peers’ multiples. Geographical and sector diversification, strong cash generation capabilities and the possible M&A catalyst make current valuation attractive. The stock is now trading at 5.2x EV/EBITDA on our updated FY21 estimates (well below larger international peers).

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)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	71.7	60.6	71.1	75.4	76.6
Gross margin	27.5	24.4	26.0	28.9	29.3
EBITDA reported	9.1	7.1	8.3	10.3	10.6
D&A	(4.2)	(4.3)	(4.3)	(4.3)	(4.3)
EBIT reported	4.8	2.7	4.0	5.9	6.3
Net financial charges	(0.3)	(1.3)	(0.5)	(0.4)	(0.4)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	4.5	1.5	3.5	5.6	5.9
Taxes	(1.0)	0.8	(1.1)	(1.7)	(1.8)
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	3.5	2.2	2.4	3.8	4.1
EBITDA adjusted	9.1	7.1	8.3	10.3	10.6
EBIT adjusted	6.8	4.7	6.0	7.9	8.3
Net profit adjusted	4.5	3.3	3.8	5.3	5.5

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Gross margin	38.4%	40.2%	36.6%	38.3%	38.3%
EBITDA margin (adj)	12.6%	11.8%	11.7%	13.6%	13.8%
EBIT margin (adj)	9.4%	7.8%	8.4%	10.5%	10.8%
Pre-tax margin	6.2%	2.4%	4.9%	7.4%	7.7%
Net profit margin (adj)	6.3%	5.4%	5.3%	7.0%	7.2%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	-10.1%	-15.4%	17.3%	6.1%	1.5%
EBITDA	6.6%	-21.2%	16.5%	23.5%	2.9%
EBITDA adjusted	6.6%	-21.2%	16.5%	23.5%	2.9%
EBIT	372.5%	-42.9%	44.7%	49.3%	5.9%
EBIT adjusted	5.5%	-29.9%	25.8%	32.8%	4.4%
Pre-tax	-255.2%	-66.9%	135.4%	60.8%	6.2%
Net profit	-191.9%	-35.8%	5.8%	63.1%	6.4%
Net profit adjusted	15.5%	-27.2%	14.1%	39.5%	4.7%

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
Shares	7.201	6.933	6.933	6.933	6.933
N. of shares AVG	7.201	6.933	6.666	6.666	6.666
N. of shares diluted AVG	7.201	7.219	7.086	7.086	7.086
EPS	0.481	0.321	0.354	0.577	0.613
DPS - Ord.	0.000	0.140	0.140	0.140	0.140
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	10.691	11.223	11.881	12.312	12.779

Enterprise value (Eu m)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	6.1	6.1	6.1	6.1	6.1
Market cap f.d.*	45.1	43.5	43.5	43.5	43.5
Net debt/(Net cash)	4.4	3.2	1.3	(3.1)	(8.4)
Adjustments	0.0	0.0	0.0	0.0	0.0
Enterprise value	49.5	46.7	44.8	40.4	35.1

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

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA adjusted	9.1	7.1	8.3	10.3	10.6
Net financial charges	(0.3)	(1.3)	(0.5)	(0.4)	(0.4)
Cash taxes	(1.0)	0.3	(1.6)	(2.2)	(2.3)
Ch. in Working Capital	1.2	(0.2)	(0.8)	(0.3)	(0.3)
Other operating items	(0.4)	(0.3)	(0.3)	(0.3)	0.0
Operating cash flow	8.6	5.6	5.1	7.1	7.6
Capex	(0.9)	(2.0)	(1.2)	(1.3)	(1.3)
FCF	7.7	3.6	3.9	5.8	6.3
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	(1.2)	(1.4)	(1.0)	(0.5)	0.0
Others	(1.6)	(1.0)	0.0	0.0	0.0
Dividends	0.0	0.0	(1.0)	(1.0)	(1.0)
Ch. in NFP	4.9	1.2	1.9	4.3	5.3

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Capex/Sales	1.3%	3.3%	1.7%	1.7%	1.7%
Capex/D&A	0.2x	0.5x	0.3x	0.3x	0.3x
FCF/EBITDA	84.7%	50.3%	46.7%	56.5%	59.5%
FCF/Net profit	221.3%	nm	nm	nm	nm
Dividend pay-out	0.0%	43.6%	41.2%	25.3%	25.3%

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	13.8	15.3	14.8	15.0	15.3
Fixed assets	76.6	74.2	69.8	65.4	58.3
Provisions & others	(9.1)	(8.5)	(4.1)	(1.4)	3.2
Net capital employed	81.4	81.0	80.5	79.0	76.8
Net debt/(Net cash)	4.4	3.2	1.3	(3.1)	(8.4)
Equity	77.0	77.8	79.2	82.1	85.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital/Sales	19.2%	25.3%	20.8%	19.9%	20.0%
Net debt/Equity	5.7%	4.1%	1.6%	nm	nm
Net debt/EBITDA	0.5x	0.4x	0.2x	nm	nm

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
EV/CE	0.5x	0.5x	0.5x	0.5x	0.5x
P/BV	0.6x	0.6x	0.5x	0.5x	0.5x
EV/Sales	0.7x	0.8x	0.6x	0.5x	0.5x
EV/EBITDA	5.5x	6.5x	5.4x	3.9x	3.3x
EV/EBITDA adjusted	5.5x	6.5x	5.4x	3.9x	3.3x
EV/EBIT	10.3x	17.0x	11.3x	6.8x	5.6x
EV/EBIT adjusted	7.3x	9.8x	7.5x	5.1x	4.2x
P/E	13.0x	19.5x	18.5x	11.3x	10.6x
P/E adjusted	10.0x	13.2x	11.6x	8.3x	7.9x
ROCE pre-tax	7.4%	5.3%	6.9%	9.6%	10.8%
ROE	5.9%	4.2%	4.8%	6.4%	6.5%
EV/FCF	6.5x	13.0x	11.5x	7.0x	5.6x
FCF yield	17.0%	8.3%	8.9%	13.4%	14.5%
Dividend yield	0.0%	2.3%	2.3%	2.3%	2.3%

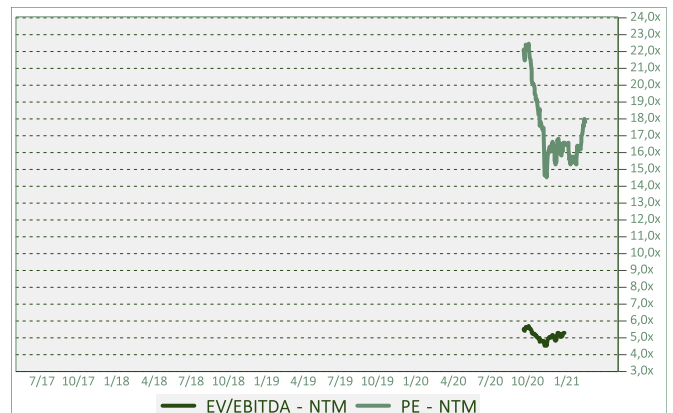
Share price performance

Rebounding from the bottoms



Valuation

Limited data available



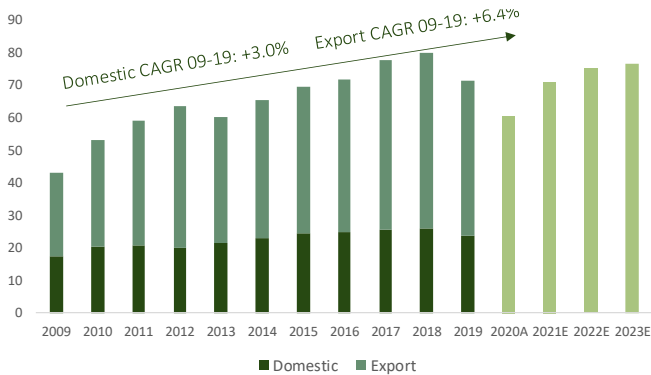
ALANTRA

Italian Equity Research

Key Charts

Solid organic top line growth in the long term (FY09A-FY23E)

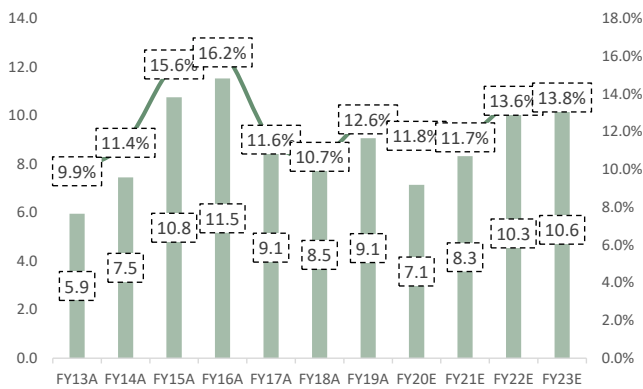
FY20 sales were highly impacted by Covid-19 outbreak



Source: company data

A profitable business (FY13A-FY23E EBITDA and margin)

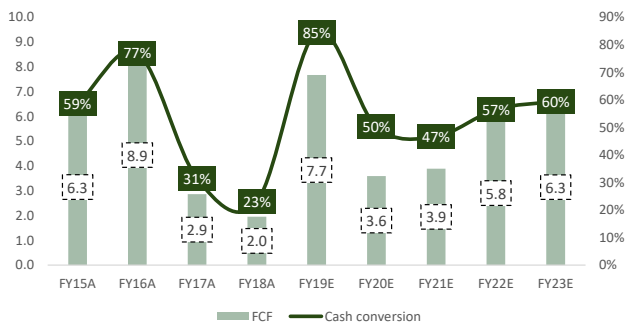
Profitability was resilient to Covid-19 related slowdown in 2020



Source: company data

Cash generative (FY15A-FY23E FCF and cash conversion)

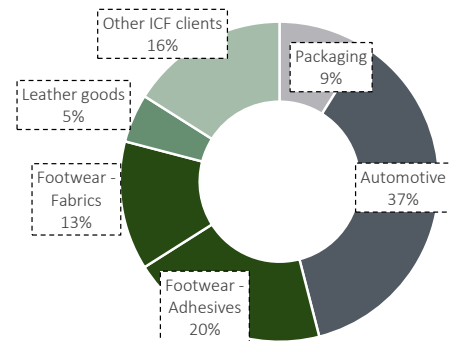
Good cash generation also in FY20



Source: company data

Revenues breakdown by Sector (FY19)

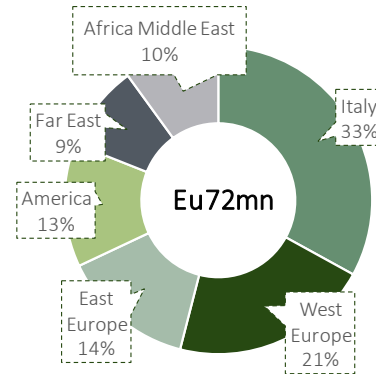
Born in footwear, ICF expanded in automotive, packaging and leather goods



Source: Company data

Revenues breakdown by Geography (FY19)

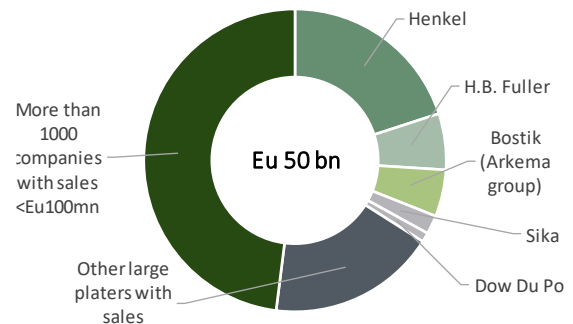
Well diversified by geography



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

Background	<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>
Positioning	<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&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>
Growth	<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>
Strategy	<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&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

V.F. Adhesives srl 25.01% Amundi SGR 5.5%
--

Management

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

Next events

1Q21 preliminary results: 13th May 2021 2Q21 results: 22th September 2021
--

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.

FY20 Results

Results

Improving trends in 1H 2020 with automotive leading the way

Reveues by business	1H19A	1H20A	YoY %	2H19A	2H20A	YoY %	FY19A	FY20A	YoY %
ABC	16.8	11.5	-31.5%	15.7	14.8	-5.6%	32.5	26.3	-19.0%
Automotive	13.5	8.5	-37.0%	12.6	12.1	-3.8%	26.1	20.6	-21%
Packaging	3.3	3.0	-9.1%	3.1	2.7	-13.0%	6.4	5.7	-11%
ICF	19.7	17.1	-13.2%	19.5	16.8	-13.7%	39.2	33.9	-13.5%
Eu mn	1H19A	1H20A	YoY %	2H19A	2H20A	YoY %	FY19A	FY20A	YoY %
Revenues	36.5	28.6	-21.7%	35.1	32.1	-8.8%	71.7	60.6	-15.4%
Purchase of raw materials	(22.8)	(17.1)		(22.1)	(19.5)		(44.9)	(36.6)	
on sales %	-65.0%	-48.7%		-62.8%	-55.5%		-62.7%	-60.4%	
Gross Margin	13.8	11.6	-15.9%	13.8	12.8	-7.1%	27.5	24.4	-11.5%
on sales %	37.7%	40.5%		39.2%	39.9%		38.4%	40.2%	
Services	(4.8)	(4.3)		(4.9)	(4.4)		(9.8)	(8.7)	
on sales %	-13.2%	-14.9%		-14.1%	-13.8%		-13.6%	-14.3%	
Personnel	(4.6)	(4.3)		(4.1)	(4.2)		(8.7)	(8.6)	
on sales %	-12.6%	-15.1%		-11.7%	-13.2%		-12.2%	-14.1%	
Total Costs	(32.2)	(25.7)	-20.3%	(31.1)	(28.2)	-9.6%	(63.4)	(53.9)	-15.0%
on sales %	-88.3%	-90.0%		-88.6%	-87.9%		-88.5%	-88.9%	
EBITDA Adjusted	4.4	3.0	-31.1%	4.7	4.1	-12.1%	9.1	7.1	-21.2%
Ebitda Margin %	11.9%	10.5%		13.4%	12.9%		12.6%	11.8%	
D&A	(2.1)	(2.1)		(2.1)	(2.2)		(4.2)	(4.3)	
Provisions	(0.0)	(0.1)		(0.0)	0.1		(0.1)	0.0	
EBIT Adjusted	3.2	1.8	-45.2%	3.5	3.0	-16.0%	6.8	4.7	-29.9%
Ebit Margin %	8.8%	6.2%		10.1%	9.3%		9.4%	7.8%	
Exceptional Items	(1.0)	(1.0)		(1.0)	(1.0)		(2.0)	(2.0)	
EBIT Reported	2.2	0.8	-65.0%	2.6	2.0	-23.6%	4.8	2.7	-42.9%
Ebit Margin %	6.2%	2.8%		7.3%	6.1%		6.7%	4.5%	
Net financial income (expense)	(0.3)	(0.6)		(0.1)	(0.7)		(0.3)	(1.3)	
Pretax Profit	2.0	0.2	-90.9%	2.5	1.3	-47.7%	4.5	1.5	-66.9%
Pretax Margin %	5.4%	0.6%		7.0%	4.0%		6.2%	2.4%	
Taxes	(0.7)	(0.0)		(0.3)	0.8		(1.0)	0.8	
Tax rate %	-36.0%	-22.1%		-11.2%	61.3%		-22.2%	51.1%	
Net Profit	1.3	0.1	-88.9%	2.2	2.1	-5.0%	3.5	2.2	-35.8%
Net Profit Margin %	3.5%	0.5%		6.2%	6.5%		4.8%	3.7%	
Restated Net Profit	2.2	0.9	-59.1%	2.3	2.4	2.8%	4.5	3.3	-27.2%
Net Profit Margin %	6.0%	3.1%		6.6%	7.5%		6.3%	5.4%	
NFP end of the period	(6.5)	(9.0)		(4.4)	(3.2)		(4.4)	(3.2)	

Source: Alantra estimates

Estimates

Change in estimates

Slightly trimming FY21E margins.

(Eu mn)	NEW Estimates				% Change		
	FY20A	FY21E	FY22E	FY23E	FY20A	FY21E	FY22E
Total Revenues / Value of Production	60.6	71.1	75.4	76.6	0.2%	0.0%	0.0%
EBITDA Adjusted	7.1	8.3	10.3	10.6	2.1%	-4.6%	0.0%
EBIT Adjusted	4.7	6.0	7.9	8.3	4.3%	-5.3%	0.9%
Net profit restated	3.3	3.8	5.3	5.5	24.8%	-8.0%	-0.8%
EPS	0.495	0.565	0.788	0.825	31.1%	-5.4%	4.6%
Net financial position	(3.2)	(1.3)	3.1	8.4	0.3	(0.4)	(1.2)

Source: Alantra estimates

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			
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	
Industrie Chimiche Forestali	ITALY	45	5.4 x	3.9 x	3.3 x	7.5 x	5.1 x	4.2 x	11.6 x	8.3 x	7.9 x	0.6 x	0.5 x	0.5 x	
Premium (discount) to Peers' Median			-47%	-58%	-63%	-51%	-62%	-64%	-43%	-47%	-50%	-59%	-63%	-70%	
PEERS			Average	11.5 x	10.0 x	9.6 x	19.0 x	15.2 x	13.6 x	23.1 x	18.7 x	17.4 x	2.0 x	1.9 x	1.9 x
			Median	10.2 x	9.3 x	9.0 x	15.2 x	13.3 x	11.8 x	20.2 x	15.5 x	15.8 x	1.5 x	1.4 x	1.6 x
Henkel AG & Co. KGaA Pref	GERMANY	37,839	11.2 x	10.4 x	9.7 x	14.0 x	12.9 x	11.9 x	20.2 x	18.7 x	17.7 x	2.0 x	1.9 x	1.8 x	
Sika AG	SWITZERLAND	33,691	23.7 x	20.7 x	18.4 x	30.2 x	26.1 x	23.1 x	40.9 x	35.7 x	31.7 x	4.7 x	4.3 x	3.9 x	
Arkema SA	FRANCE	7,766	7.3 x	6.6 x	6.0 x	13.1 x	11.6 x	10.6 x	16.8 x	15.3 x	13.9 x	1.1 x	1.1 x	1.0 x	
H.B. Fuller Company	UNITED STATES	2,596	10.2 x	9.3 x	8.4 x	15.2 x	13.3 x	11.6 x	17.9 x	15.5 x	13.7 x	1.5 x	1.4 x	1.3 x	
PEERS Adhesives Producers			Average	13.1 x	11.7 x	10.6 x	18.1 x	16.0 x	14.3 x	23.9 x	21.3 x	19.2 x	2.3 x	2.2 x	2.0 x
			Median	10.7 x	9.8 x	9.0 x	14.6 x	13.1 x	11.8 x	19.0 x	17.1 x	15.8 x	1.8 x	1.7 x	1.6 x
SAES Getters S.p.A.	ITALY	429	19.3 x	14.4 x	12.9 x	34.5 x	21.1 x	18.1 x	39.4 x	23.4 x	19.9 x	2.9 x	2.6 x	2.5 x	
Cembre S.p.A.	ITALY	388	10.4 x	10.0 x	9.5 x	14.8 x	14.2 x	13.4 x	21.1 x	20.3 x	20.0 x	2.6 x	2.5 x	2.4 x	
LU-VE SpA	ITALY	330	7.8 x	6.7 x	6.1 x	16.8 x	12.6 x	10.7 x	16.8 x	13.2 x	11.9 x	0.9 x	0.9 x	0.8 x	
Aquafil SpA	ITALY	226	7.2 x	6.0 x	na	21.2 x	14.8 x	na	22.1 x	14.3 x	na	1.0 x	0.9 x	na	
Sabaf S.p.A.	ITALY	235	6.7 x	6.2 x	5.8 x	11.3 x	10.2 x	9.5 x	12.7 x	11.6 x	10.9 x	1.3 x	1.2 x	1.2 x	
B&C Speakers S.p.A.	ITALY	127	na	na	na	na	na	na	na	na	na	na	na	na	
PEERS Italian Small-Caps			Average	10.3 x	8.7 x	8.6 x	19.7 x	14.6 x	12.9 x	22.4 x	16.6 x	15.7 x	1.8 x	1.6 x	1.7 x
			Median	7.8 x	6.7 x	7.8 x	16.8 x	14.2 x	12.0 x	21.1 x	14.3 x	15.9 x	1.3 x	1.2 x	1.8 x
Company	Country	Mkt Cap (Eu mn)	Dividend Yield			FCF Yield			Net Debt/EBITDA			P/BV			
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	
Industrie Chimiche Forestali	ITALY		2.3%	2.3%	2.3%	8.9%	13.4%	14.5%	0.2 x	nm	nm	0.5 x	0.5 x	0.5 x	
PEERS			Average	2.2%	2.4%	2.5%	3.8%	5.8%	6.0%	1.9 x	1.6 x	1.1 x	2.8 x	2.5 x	2.4 x
			Median	2.0%	2.3%	2.4%	4.0%	5.2%	5.5%	1.7 x	1.5 x	0.9 x	1.9 x	1.8 x	1.6 x
Henkel AG & Co. KGaA Pref	GERMANY	37,839	2.0%	2.0%	2.1%	4.7%	5.2%	5.3%	0.1 x	nm	nm	2.2 x	2.0 x	1.9 x	
Sika AG	SWITZERLAND	33,691	1.1%	1.3%	1.4%	2.7%	3.1%	3.7%	1.4 x	0.9 x	0.4 x	9.8 x	8.4 x	7.3 x	
Arkema SA	FRANCE	7,766	2.5%	2.7%	3.1%	2.1%	4.0%	5.7%	0.9 x	0.6 x	0.3 x	1.5 x	1.4 x	1.3 x	
H.B. Fuller Company	UNITED STATES	2,596	1.1%	1.1%	1.2%	6.9%	7.9%	8.6%	3.3 x	2.8 x	2.2 x	2.0 x	1.9 x	1.7 x	
PEERS Adhesives Producers			Average	1.7%	1.8%	2.0%	4.1%	5.1%	5.8%	1.4 x	1.4 x	1.0 x	3.9 x	3.4 x	3.0 x
			Median	1.5%	1.7%	1.8%	3.7%	4.6%	5.5%	1.2 x	0.9 x	0.4 x	2.1 x	2.0 x	1.8 x
SAES Getters S.p.A.	ITALY	429	2.1%	2.9%	2.4%	2.1%	3.7%	4.2%	3.1 x	2.3 x	2.1 x	1.6 x	1.6 x	1.5 x	
Cembre S.p.A.	ITALY	388	3.9%	4.0%	4.3%	4.0%	4.0%	3.8%	nm	nm	nm	2.4 x	2.3 x	2.3 x	
LU-VE SpA	ITALY	330	1.9%	2.2%	2.4%	4.5%	6.7%	8.8%	1.9 x	1.5 x	1.1 x	1.9 x	1.8 x	1.6 x	
Aquafil SpA	ITALY	226	2.0%	2.3%	na	2.9%	11.0%	na	3.2 x	2.6 x	na	1.9 x	1.8 x	na	
Sabaf S.p.A.	ITALY	235	2.9%	3.1%	3.3%	4.8%	6.2%	7.5%	1.1 x	0.9 x	0.7 x	1.8 x	1.7 x	1.5 x	
B&C Speakers S.p.A.	ITALY	127	na	na	na	na	na	na	na	na	na	na	na	na	
PEERS Italian Small-Caps			Average	2.6%	2.9%	na	3.7%	6.3%	na	2.3 x	1.8 x	1.3 x	1.9 x	1.8 x	na
			Median	2.1%	2.9%	na	4.0%	6.2%	na	2.5 x	1.9 x	1.1 x	1.9 x	1.8 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)	FY21E - FY23E average margins					CAGR FY20A - FY23E				
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS	
Industrie Chimiche Forestali	ITALY	45	13.0%	9.9%	6.5%	1.7%	-30.6%	8.1%	14.0%	20.4%	20.1%	
PEERS			Average	17.7%	11.5%	8.2%	5.6%	44.1%	5.3%	8.0%	13.2%	19.6%
			Median	17.6%	11.6%	8.3%	5.2%	38.5%	5.9%	6.9%	11.3%	14.7%
Henkel AG & Co. KGaA Pref	GERMANY	37,839	18.3%	14.7%	10.2%	3.5%	38.5%	2.6%	5.4%	6.7%	7.9%	
Sika AG	SWITZERLAND	33,691	20.6%	16.3%	12.2%	2.7%	45.0%	7.5%	11.6%	13.8%	16.9%	
Arkema SA	FRANCE	7,766	15.8%	8.9%	5.9%	8.3%	42.2%	2.8%	5.0%	7.8%	12.5%	
H.B. Fuller Company	UNITED STATES	2,596	15.4%	10.7%	6.6%	3.0%	18.1%	4.6%	7.0%	11.3%	15.3%	
PEERS Adhesives Producers			Average	17.5%	12.7%	8.7%	4.4%	36.0%	4.4%	7.3%	9.9%	13.2%
			Median	17.0%	12.7%	8.4%	3.3%	40.4%	3.7%	6.2%	9.5%	13.9%
SAES Getters S.p.A.	ITALY	429	17.6%	11.6%	7.8%	7.5%	66.6%	6.8%	13.3%	19.6%	54.9%	
Cembre S.p.A.	ITALY	388	25.0%	17.6%	12.7%	7.0%	82.9%	5.3%	3.2%	4.0%	1.2%	
LU-VE SpA	ITALY	330	12.5%	6.6%	4.6%	5.2%	29.8%	6.6%	11.3%	31.0%	34.0%	
Aquafil SpA	ITALY	226	14.1%	5.3%	2.7%	5.0%	38.2%	na	na	na	na	
Sabaf S.p.A.	ITALY	235	20.1%	12.1%	8.8%	7.9%	36.0%	6.5%	6.9%	11.4%	14.2%	
B&C Speakers S.p.A.	ITALY	127	na	na	10.3%	na	na	na	na	na	na	
PEERS Italian Small-Caps			Average	17.9%	10.6%	7.8%	6.5%	50.7%	6.3%	8.7%	16.5%	26.1%
			Median	17.6%	11.6%	8.3%	7.0%	38.2%	6.6%	9.1%	15.5%	24.1%

Source: Alantra estimates and Factset

Performance

Strongly underperforming Chemical peers over the last year

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
Industrie Chimiche Forestali	ITALY	45	-1.6%	18.8%	23.0%	13.8%	-37.3%	na
PEERS	Average		3.7%	10.8%	23.7%	62.7%	10.8%	85.8%
	Median		4.1%	9.5%	20.8%	56.4%	-1.4%	59.3%
Henkel AG & Co. KGaA Pref	GERMANY	37,839	11.1%	3.1%	5.9%	33.9%	-12.1%	-3.3%
Sika AG	SWITZERLAND	33,691	5.0%	9.5%	20.2%	81.9%	112.0%	319.7%
Arkema SA	FRANCE	7,766	12.5%	7.5%	8.2%	68.7%	-5.9%	56.1%
H.B. Fuller Company	UNITED STATES	2,596	3.2%	11.9%	24.5%	110.8%	21.5%	44.8%
PEERS Adhesives Producers	Average		8.0%	8.0%	14.7%	73.8%	28.9%	104.3%
	Median		8.1%	8.5%	14.2%	75.3%	7.8%	50.4%
SAES Getters S.p.A.	ITALY	429	-2.8%	-11.3%	-13.9%	31.7%	-5.8%	83.5%
Cembre S.p.A.	ITALY	388	8.1%	22.3%	35.3%	30.3%	-1.1%	66.4%
LU-VE SpA	ITALY	330	-7.8%	10.4%	18.3%	56.3%	44.9%	52.2%
Aquafil SpA	ITALY	226	-4.0%	9.3%	47.3%	56.4%	-55.3%	na
Sabaf S.p.A.	ITALY	235	0.5%	36.0%	70.0%	108.2%	11.5%	93.7%
B&C Speakers S.p.A.	ITALY	127	11.6%	9.5%	21.3%	48.8%	-1.8%	59.3%
PEERS Italian Small-Caps	Average		0.9%	12.7%	29.7%	55.3%	-1.3%	71.0%
	Median		-1.1%	9.9%	28.3%	52.6%	-1.4%	66.4%

Source: Alantra estimates and Factset

Disclaimer

Explanation of Ratings: Alantra Capital Markets Sociedad de Valores SAU (Italian Branch) ("Alantra CM (Italian Branch)") Research Department provides six core ratings: BUY, HOLD, SELL, NOT RATED, UNDER REVIEW and SUSPENDED, based on the expected performance over the next 12 months.

BUY: The stock is expected to generate returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

UNDER REVIEW: An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

SUSPENDED: Alantra CM (Italian Branch) is precluded from providing an investment rating or price target for compliance reasons.

Due to share price volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

This report has been prepared by Alantra CM (Italian Branch), which is pertaining to the Alantra Group, a financial Spanish group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services.

Analyst Certification

Each authoring analyst of Alantra CM (Italian Branch) whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

This report is solely for the information of clients of Alantra CM (Italian Branch) and for distribution only under such circumstances as may be permitted by applicable law. Alantra CM (Italian Branch) specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra CM (Italian Branch) and therefore Alantra CM (Italian Branch) accepts no liability whatsoever for the actions or third parties in this respect.

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. The information contained in this research has been compiled by Alantra CM (Italian Branch) from sources believed to be reliable, but no representation or warranty, either expressed or implied, is provided in relation to the fairness, accuracy, completeness or correctness of the information contained herein, nor it is intended to be a complete statement or summary of the securities or markets referred to in this report. Alantra CM (Italian Branch) nor any of its affiliates has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Alantra CM (Italian Branch)'s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability. Alantra CM (Italian Branch) its affiliated companies or any other person does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this report or its contents. This report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra CM (Italian Branch). The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra CM (Italian Branch) is under no obligation or keep current the information contained in this report.

From time to time, Alantra CM (Italian Branch) salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Alantra CM (Italian Branch)'s affiliates, principal trading desk, and investing businesses also from time to time may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Investments involve risks and investors should exercise prudence in making their investment decisions. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Stocks bear significantly risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in a material loss. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been realized at those prices.

Neither Alantra CM (Italian Branch) nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Except as otherwise specified herein, this material is exclusively communicated by Alantra CM (Italian Branch) to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

The analysts responsible for the preparation of this report may interact with trading desk personnel, sales personnel and investment managers. Alantra CM (Italian Branch), any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interests. Information regarding transactions in which the Alantra Group has acted as an advisor, or provided professional services, is available on Alantra Group's website (<http://www.alantra.com>). The Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organization and to the nature, scale and complexity of its business. Investors should consider this report as only a single factor in making their investment decisions.

Conflict of interest

In order to disclose its possible conflicts of interest Alantra states that:

- Alantra is Corporate Broker of the following Companies: Openjobmetis, Pharmanutra, Eurotech, Farmaè, Intred, SEIF, ICF, Retelit, Franchi Umberto Marmi, Tecma Solutions, Planetel, eVISO

Research Distribution Policy

Alantra, according to article 3, paragraph 1, numbers (34) and (35) Regulation (EU) No 596/2014, has been commissioned to produce Equity Research for the Company by arrangement with Equita SIM, the Specialist engaged by the Company.

Alantra CM (Italian Branch) research will be available simultaneously for all of Alantra CM (Italian Branch)'s customers who are entitled to receive the firm's research. Research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Alantra CM (Italian Branch)'s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

The disclosures contained in research reports produced by Alantra CM (Italian Branch) shall be governed by and construed in accordance with Spanish and Italian laws.

The receipt of this report implies full acceptance by its recipients of the contents of this disclaimer.

Alantra Capital Markets, S.V. S.A. is the Spanish investment firm located in Madrid, Calle de José Ortega y Gasset 29, registered at the Comisión Nacional del Mercado de Valores (CNMV) with number 258. Alantra CM (Italian Branch) is located in Milano (Italy), Via Borgonuovo 16 with number 155.