

## Industrie Chimiche Forestali

Sector: Industrial

### Strong Volumes Increase Top Line Visibility

*We keep our BUY rating on ICF and our TP of EUR9.00, offering >40% upside. Preliminary 1Q21 results showed strong volumes with margins holding up well despite the turbulences on raw material prices. FCF generation was again healthy in the quarter (Eu3.2mn cash generation over the LTM) While raw materials should continue to be the main concern over the coming months, positive signals from the footwear segment rises visibility on our FY21 top-line estimate. Morel acquisition, to be finalized in July, testifies management willingness to act as sector consolidator and use M&A to grow in scale and business diversification*

- Preliminary 1Q results show strong volumes; margins held up well and FCF was again healthy** ICF reported yesterday its preliminary 1Q21 results. Revenues came out at Eu18.4mn (+2.8 YoY), thanks to price increases (automotive is still very strong and footwear is starting to regain pace). Margins held up relatively well in the quarter despite raw materials turbulences. EBITDA came out at Eu1.9mn (-29.6% YoY), yielding a positive 10.3% margin on sales. Net debt declined to Eu2.1mn at YE20 (vs Eu3.2mn at YE20). The company has generated ca Eu3.2mn over the LTM despite Eu2.1mn buy-back and Eu1.0mn extraordinary capex.
- Raw materials continue to be the main concern heading into 2Q; positive signals from footwear sector give visibility to top-line growth.** In a still complex scenario, ICF delivered strong sales as bonanza in the automotive sector continued in the first quarter. Management confirmed a positive order intake in automotive despite some semiconductor's shortage-related shutdowns. According to the management, revenues in April were still growing double digit with EBITDA margin aligned to 1Q results. Footwear segment recovery is now materializing, and we expect to see strong volumes over the coming quarters. While the company has implemented several price increases since beginning of the year, raw materials price inflation continues to be the main concern to economic results. Nevertheless, we deem this tailwind temporary in nature and likely to bring to higher margins once prices normalize (we expect starting from second half of the year).
- Morel's acquisition should be value accretive.** In April, ICF announced the signing of a preliminary agreement with the shareholders of Industria Chimica Morel & C. for the acquisition of Morel business branch. ICF should acquire the activities related to the development and manufacturing of high-quality toe puffs and counters mainly for the luxury footwear segment. We expect that the company could exploit interesting revenue synergies (cross-selling of adhesives to Morel's client base) on top of easy achievable cost synergies (rents and BoD). The closing is expected by the 1<sup>st</sup> of July.
- Estimates unchanged.** Following the release of 1Q21 results, we are leaving our estimates unchanged. While we expect that margins could be below historical average also in 2Q, a recovery is expected over the second half. Volumes continue to be strong and improved outlook on footwear further increases visibility on our top line estimate. In FY21 we expect revenues at Eu71.1mn (+17.3%), EBITDA at Eu8.3mn (11.7% margin) and net debt at Eu1.3mn.
- BUY rating and EUR9.0 TP confirmed.** We keep our BUY rating and our EUR9.0 (>40% upside), based on average of DCF and peers' multiples. Geographical and sector diversification, strong cash generation capabilities and the further possibility to act as sector consolidator make current valuation attractive. The stock is now trading at 5.3x EV/EBITDA on our FY21 estimates (well below larger international peers). The acquisition of Morel and the potential benefits of the goodwill fiscal amortisation (official approval expected in July) are not yet in our numbers.

## BUY

Unchanged

## TP 9.00

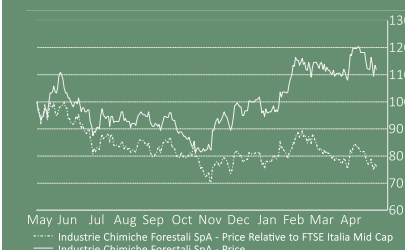
Unchanged

Target price upside 43%

Change in EPS est.	FY21E	FY22E
	0.0%	0.0%

Ticker (BBG, Reut)	ICF IM	ICF MI
Share price Ord. (Eu)		6.3
N. of Ord. shares (mn)		6.9
Total N. of shares f.d. (mn)		7.1
Market cap (Eu mn)		44
Total Market Cap f.d. (Eu mn)		45
Free Float Ord. (%)		91%
Free Float Ord. (Eu mn)		40
Daily AVG liquidity Ord. (Eu k)		76

	1M	3M	12M
Absolute Perf.	4.0%	0.0%	15.6%
Rel.to FTSEMidCap	0.8%	-10.1%	-30.6%
52 weeks range		4.5	6.6



	FY20A	FY21E	FY22E
Sales	61	71	75
EBITDA	7.1	8.3	10.3
Net profit adj.	3.3	3.8	5.3
EPS adj.	0.467	0.556	0.775
DPS - Ord.	0.140	0.140	0.140
EV/EBITDA	6.8x	5.6x	4.1x
P/E adj.	13.8x	12.1x	8.7x
Dividend yield	2.2%	2.2%	2.2%
FCF yield	7.9%	8.6%	12.8%
Net debt/(Net cash)	3.2	1.3	(3.0)
Net debt/EBITDA	0.4x	0.2x	nm

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## 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
<b>EBITDA adjusted</b>	<b>9.1</b>	<b>7.1</b>	<b>8.3</b>	<b>10.3</b>	<b>10.6</b>
<b>EBIT adjusted</b>	<b>6.8</b>	<b>4.7</b>	<b>6.0</b>	<b>7.9</b>	<b>8.3</b>
<b>Net profit adjusted</b>	<b>4.5</b>	<b>3.3</b>	<b>3.8</b>	<b>5.3</b>	<b>5.5</b>

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	6.914	6.914	6.914	6.914
N. of shares AVG	7.201	6.914	6.628	6.628	6.628
N. of shares diluted AVG	7.201	7.210	7.067	7.067	7.067
<b>EPS</b>	<b>0.481</b>	<b>0.322</b>	<b>0.356</b>	<b>0.580</b>	<b>0.617</b>
<b>EPS adjusted</b>	<b>0.630</b>	<b>0.477</b>	<b>0.568</b>	<b>0.793</b>	<b>0.829</b>
<b>DPS - Ord.</b>	<b>0.000</b>	<b>0.140</b>	<b>0.140</b>	<b>0.140</b>	<b>0.140</b>
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	10.691	11.254	11.949	12.383	12.854

Enterprise value (Eu m)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	6.3	6.3	6.3	6.3	6.3
Market cap f.d.*	46.3	44.5	44.5	44.5	44.5
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	50.7	47.7	45.8	41.5	36.1

\*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
<b>Operating cash flow</b>	<b>8.6</b>	<b>5.6</b>	<b>5.1</b>	<b>7.1</b>	<b>7.6</b>
Capex	(0.9)	(2.0)	(1.2)	(1.3)	(1.3)
<b>FCF</b>	<b>7.7</b>	<b>3.6</b>	<b>3.9</b>	<b>5.8</b>	<b>6.3</b>
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)
<b>Ch. in NFP</b>	<b>4.9</b>	<b>1.2</b>	<b>1.9</b>	<b>4.3</b>	<b>5.3</b>

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Capex/Sales</b>	<b>1.3%</b>	<b>3.3%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.7%</b>
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
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>43.5%</b>	<b>41.1%</b>	<b>25.2%</b>	<b>25.2%</b>

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
<b>Net capital employed</b>	<b>81.4</b>	<b>81.0</b>	<b>80.5</b>	<b>79.0</b>	<b>76.8</b>
<b>Net debt/(Net cash)</b>	<b>4.4</b>	<b>3.2</b>	<b>1.3</b>	<b>(3.1)</b>	<b>(8.4)</b>
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
<b>Working capital/Sales</b>	<b>19.2%</b>	<b>25.3%</b>	<b>20.8%</b>	<b>19.9%</b>	<b>20.0%</b>
<b>Net debt/Equity</b>	<b>5.7%</b>	<b>4.1%</b>	<b>1.6%</b>	<b>nm</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>0.5x</b>	<b>0.4x</b>	<b>0.2x</b>	<b>nm</b>	<b>nm</b>

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
<b>EV/CE</b>	<b>0.6x</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.5x</b>
P/BV	0.6x	0.6x	0.6x	0.5x	0.5x
EV/Sales	0.7x	0.8x	0.6x	0.5x	0.5x
EV/EBITDA	5.6x	6.7x	5.5x	4.0x	3.4x
<b>EV/EBITDA adjusted</b>	<b>5.6x</b>	<b>6.7x</b>	<b>5.5x</b>	<b>4.0x</b>	<b>3.4x</b>
EV/EBIT	10.6x	17.4x	11.5x	7.0x	5.8x
<b>EV/EBIT adjusted</b>	<b>7.5x</b>	<b>10.1x</b>	<b>7.7x</b>	<b>5.2x</b>	<b>4.4x</b>
P/E	13.4x	20.0x	18.9x	11.6x	10.9x
<b>P/E adjusted</b>	<b>10.2x</b>	<b>13.5x</b>	<b>11.8x</b>	<b>8.5x</b>	<b>8.1x</b>
ROCE pre-tax	7.4%	5.3%	6.9%	9.6%	10.8%
<b>ROE</b>	<b>5.9%</b>	<b>4.2%</b>	<b>4.8%</b>	<b>6.4%</b>	<b>6.5%</b>
EV/FCF	6.6x	13.3x	11.8x	7.1x	5.7x
<b>FCF yield</b>	<b>16.6%</b>	<b>8.1%</b>	<b>8.7%</b>	<b>13.1%</b>	<b>14.1%</b>
<b>Dividend yield</b>	<b>0.0%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.2%</b>

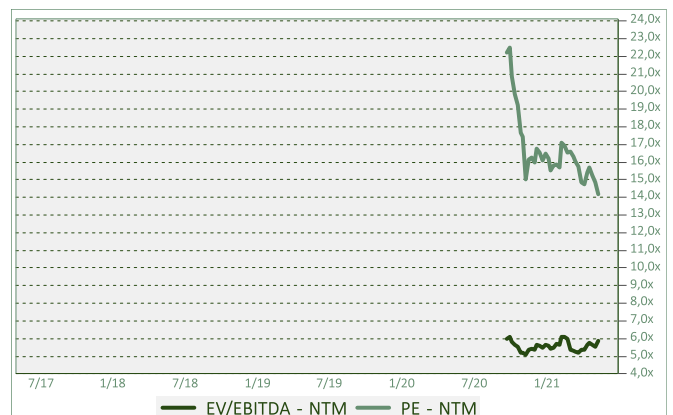
## Share price performance

Estimates are going up



## Valuation

Limited data available



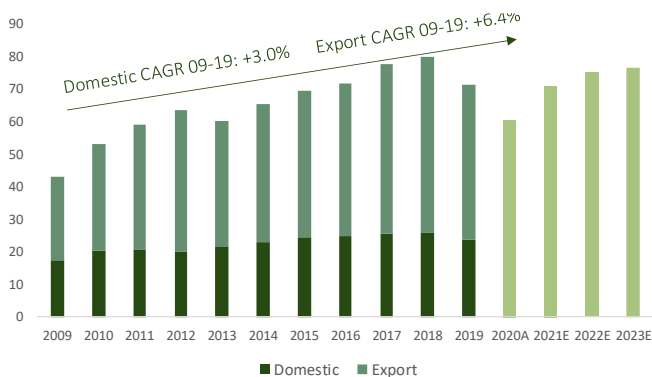
# ALANTRA

Italian Equity Research

## Key Charts

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

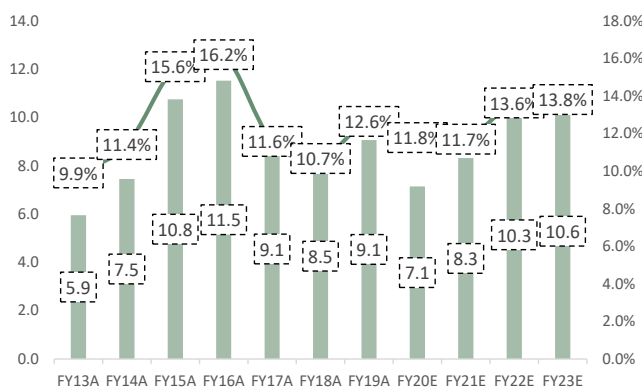
FY20 sales were highly impacted by Covid-19 outbreak



Source: company data

### A profitable business (FY13A-FY23E EBITDA and margin)

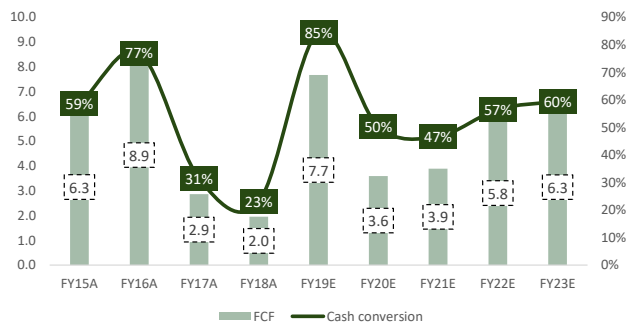
Profitability was resilient to Covid-19 related slowdown in 2020



Source: company data

### Cash generative (FY15A-FY23E FCF and cash conversion)

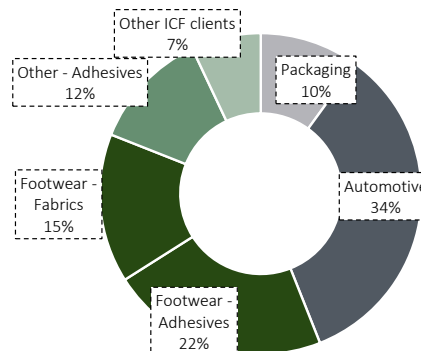
Good cash generation also in FY20



Source: company data

### Revenues breakdown by Sector (FY20)

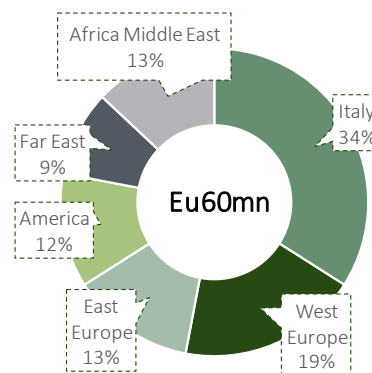
Born in footwear, ICF expanded in automotive, packaging and leather goods



Source: Company data

### Revenues breakdown by Geography (FY20)

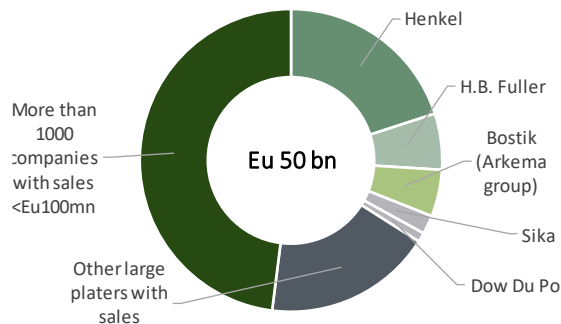
Well diversified by geography



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 Eu60.6mn in FY20 posting a 3.2% 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 2012-2020 period was of Eu40mn. 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**

V.F. Adhesives srl 25.01%

**Management**

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

**Next events**

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.

## Estimates

### Change in estimates

*We are leaving our estimates unchanged*

(Eu mn)	NEW Estimates			% Change		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Total Revenues / Value of Production	71.1	75.4	76.6	0.0%	0.0%	0.0%
EBITDA Adjusted	8.3	10.3	10.6	0.0%	0.0%	0.0%
EBIT Adjusted	6.0	7.9	8.3	0.0%	0.0%	0.0%
Net profit restated	3.8	5.3	5.5	0.0%	0.0%	0.0%
EPS	0.568	0.793	0.829	0.0%	0.0%	0.0%
Net financial position	(1.3)	3.1	8.4	0.0	0.0	0.0

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 Premium (discount) to Peers' Median	ITALY	45	5.5 x	4.0 x	3.4 x	7.7 x	5.2 x	4.4 x	11.8 x	8.5 x	8.1 x	0.6 x	0.5 x	0.5 x
			-48%	-58%	-62%	-53%	-61%	-63%	-42%	-49%	-46%	-64%	-67%	-70%
<b>PEERS</b>	<b>Average</b>		12.3 x	10.2 x	9.3 x	19.8 x	15.1 x	13.4 x	24.7 x	18.8 x	17.0 x	2.2 x	1.9 x	1.8 x
	<b>Median</b>		10.6 x	9.7 x	9.0 x	16.5 x	13.4 x	11.9 x	20.4 x	16.8 x	15.0 x	1.8 x	1.7 x	1.6 x
Henkel AG & Co. KGaA Pref	GERMANY	38,117	10.6 x	9.8 x	9.2 x	13.3 x	12.2 x	11.2 x	19.4 x	18.2 x	17.1 x	1.9 x	1.8 x	1.7 x
Sika AG	SWITZERLAND	35,073	23.3 x	20.2 x	17.8 x	29.6 x	25.3 x	22.1 x	39.4 x	34.6 x	30.6 x	4.6 x	4.2 x	3.9 x
Arkema SA	FRANCE	8,288	7.0 x	6.7 x	6.0 x	12.0 x	11.3 x	10.0 x	16.1 x	14.9 x	14.0 x	1.1 x	1.0 x	1.0 x
H.B. Fuller Company	UNITED STATES	2,874	10.6 x	9.6 x	8.8 x	15.7 x	13.9 x	12.1 x	18.7 x	16.6 x	14.4 x	1.6 x	1.5 x	1.4 x
<b>PEERS Adhesives Producers</b>	<b>Average</b>		12.9 x	11.6 x	10.5 x	17.7 x	15.7 x	13.8 x	23.4 x	21.1 x	19.0 x	2.3 x	2.2 x	2.0 x
	<b>Median</b>		10.6 x	9.7 x	9.0 x	14.5 x	13.0 x	11.7 x	19.1 x	17.4 x	15.8 x	1.8 x	1.7 x	1.6 x
SAES Getters S.p.A.	ITALY	427	19.1 x	14.3 x	12.7 x	34.1 x	20.7 x	17.9 x	38.7 x	23.0 x	19.6 x	2.9 x	2.6 x	2.5 x
Cembre S.p.A.	ITALY	403	10.6 x	10.2 x	9.7 x	15.1 x	14.5 x	13.7 x	21.5 x	20.7 x	20.3 x	2.7 x	2.5 x	2.4 x
LU-VE SpA	ITALY	358	8.6 x	7.5 x	6.8 x	17.2 x	13.0 x	11.3 x	17.5 x	14.0 x	12.6 x	1.0 x	0.9 x	0.8 x
Aquafil SpA	ITALY	260	7.9 x	6.7 x	6.1 x	23.5 x	16.6 x	14.2 x	26.6 x	16.9 x	14.6 x	1.1 x	1.0 x	0.9 x
Sabaf S.p.A.	ITALY	253	7.1 x	6.7 x	6.1 x	11.9 x	11.0 x	9.8 x	13.6 x	12.8 x	11.3 x	1.4 x	1.3 x	1.2 x
B&C Speakers S.p.A.	ITALY	125	17.9 x	10.4 x	9.9 x	25.1 x	12.5 x	11.8 x	35.3 x	16.1 x	15.5 x	3.3 x	2.3 x	2.3 x
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		11.9 x	9.3 x	8.5 x	21.2 x	14.7 x	13.1 x	25.5 x	17.3 x	15.7 x	2.1 x	1.8 x	1.7 x
	<b>Median</b>		9.6 x	8.8 x	8.2 x	20.4 x	13.7 x	12.7 x	24.0 x	16.5 x	15.0 x	2.1 x	1.8 x	1.7 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	45	2.2%	2.2%	2.2%	8.7%	13.1%	14.1%	0.2 x	nm	nm	0.6 x	0.5 x	0.5 x
<b>PEERS</b>	<b>Average</b>		2.1%	2.4%	2.4%	3.5%	5.2%	6.4%	1.6 x	1.4 x	1.2 x	3.1 x	2.8 x	2.5 x
	<b>Median</b>		2.1%	2.3%	2.3%	3.9%	5.3%	6.0%	1.3 x	1.2 x	0.9 x	2.2 x	2.1 x	1.9 x
Henkel AG & Co. KGaA Pref	GERMANY	38,117	2.0%	2.0%	2.1%	5.0%	5.4%	5.6%	0.0 x	nm	nm	2.2 x	2.0 x	1.9 x
Sika AG	SWITZERLAND	35,073	1.1%	1.3%	1.4%	2.7%	3.3%	3.8%	1.3 x	0.8 x	0.4 x	10.0 x	8.5 x	7.3 x
Arkema SA	FRANCE	8,288	2.5%	2.6%	2.9%	2.1%	4.8%	6.7%	0.6 x	0.5 x	0.3 x	1.5 x	1.4 x	1.4 x
H.B. Fuller Company	UNITED STATES	2,874	1.0%	1.0%	1.1%	6.2%	7.3%	7.9%	3.2 x	2.6 x	2.1 x	2.3 x	2.1 x	1.9 x
<b>PEERS Adhesives Producers</b>	<b>Average</b>		1.6%	1.7%	1.9%	4.0%	5.2%	6.0%	1.3 x	1.3 x	0.9 x	4.0 x	3.5 x	3.1 x
	<b>Median</b>		1.5%	1.7%	1.8%	3.8%	5.1%	6.1%	1.0 x	0.8 x	0.4 x	2.2 x	2.1 x	1.9 x
SAES Getters S.p.A.	ITALY	427	2.2%	2.9%	2.5%	2.1%	3.8%	4.3%	3.1 x	2.3 x	2.1 x	1.6 x	1.5 x	1.5 x
Cembre S.p.A.	ITALY	403	3.8%	3.9%	4.2%	3.9%	4.0%	3.8%	nm	nm	nm	2.4 x	2.3 x	2.3 x
LU-VE SpA	ITALY	358	1.7%	2.0%	2.1%	4.0%	6.5%	6.8%	1.9 x	1.4 x	1.0 x	2.2 x	2.0 x	1.8 x
Aquafil SpA	ITALY	260	1.5%	1.9%	1.2%	0.8%	6.8%	12.9%	3.3 x	2.7 x	2.3 x	2.3 x	2.1 x	1.9 x
Sabaf S.p.A.	ITALY	253	2.7%	2.9%	3.1%	4.6%	5.3%	6.0%	1.2 x	1.0 x	0.7 x	2.1 x	1.9 x	1.7 x
B&C Speakers S.p.A.	ITALY	125	2.4%	3.1%	3.2%	na	na	na	0.1 x	0.1 x	0.4 x	4.6 x	3.9 x	3.5 x
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		2.4%	2.8%	na	3.1%	5.3%	na	1.9 x	1.5 x	1.3 x	2.5 x	2.3 x	na
	<b>Median</b>		2.3%	2.9%	na	3.9%	5.3%	na	1.9 x	1.4 x	1.0 x	2.3 x	2.1 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%	-30.5%	8.1%	14.0%	20.4%	20.2%
<b>PEERS</b>	<b>Average</b>		18.1%	12.3%	8.5%	5.2%	44.3%	8.0%	12.3%	21.0%	21.4%
	<b>Median</b>		18.0%	11.9%	8.3%	5.1%	38.6%	7.2%	10.4%	15.4%	17.1%
Henkel AG & Co. KGaA Pref	GERMANY	38,117	18.5%	14.9%	10.4%	3.5%	37.3%	3.0%	6.2%	7.8%	9.1%
Sika AG	SWITZERLAND	35,073	20.8%	16.6%	12.3%	2.7%	44.0%	8.8%	13.7%	16.3%	19.4%
Arkema SA	FRANCE	8,288	15.8%	9.4%	5.9%	8.0%	40.0%	3.9%	6.5%	11.6%	14.5%
H.B. Fuller Company	UNITED STATES	2,874	15.6%	10.9%	6.8%	3.0%	16.9%	5.3%	8.2%	12.8%	17.4%
<b>PEERS Adhesives Producers</b>	<b>Average</b>		17.7%	13.0%	8.9%	4.3%	34.5%	5.3%	8.6%	12.2%	15.1%
	<b>Median</b>		17.1%	12.9%	8.6%	3.3%	38.6%	4.6%	7.4%	12.2%	16.0%
SAES Getters S.p.A.	ITALY	427	17.5%	11.6%	7.8%	7.5%	66.6%	6.8%	13.6%	20.3%	54.9%
Cembre S.p.A.	ITALY	403	25.0%	17.6%	12.7%	7.0%	82.9%	5.3%	3.2%	4.0%	1.2%
LU-VE SpA	ITALY	358	12.3%	6.9%	4.6%	5.1%	27.9%	7.6%	11.3%	27.4%	28.1%
Aquafil SpA	ITALY	260	14.2%	5.5%	2.8%	5.0%	30.2%	8.1%	14.7%	39.2%	-12.7%
Sabaf S.p.A.	ITALY	253	20.0%	12.2%	8.8%	8.4%	36.2%	9.5%	9.4%	14.5%	16.7%
B&C Speakers S.p.A.	ITALY	125	21.1%	17.0%	13.1%	2.1%	61.2%	21.4%	36.6%	56.0%	65.9%
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		18.4%	11.8%	8.3%	5.9%	50.8%	9.8%	14.8%	26.9%	25.7%
	<b>Median</b>		18.8%	11.9%	8.3%	6.1%	48.7%	7.8%	12.5%	23.8%	22.4%

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	4.0%	0.0%	37.4%	15.6%	-37.6%	na
PEERS	Average		0.8%	9.0%	25.2%	56.9%	11.3%	89.4%
	Median		1.3%	8.4%	17.6%	56.9%	-2.5%	67.4%
Henkel AG & Co. KGaA Pref	GERMANY	38,117	-4.2%	8.1%	4.1%	19.8%	-9.4%	-7.5%
Sika AG	SWITZERLAND	35,073	-0.4%	6.6%	14.8%	63.6%	100.4%	290.2%
Arkema SA	FRANCE	8,288	4.3%	20.8%	20.4%	43.4%	-1.2%	51.8%
H.B. Fuller Company	UNITED STATES	2,874	3.2%	15.0%	33.9%	93.1%	29.4%	50.3%
PEERS Adhesives Producers	Average		0.7%	12.7%	18.3%	54.9%	29.8%	96.2%
	Median		1.4%	11.6%	17.6%	53.5%	14.1%	51.1%
SAES Getters S.p.A.	ITALY	427	-3.5%	-9.3%	-3.7%	2.2%	-3.9%	92.1%
Cembre S.p.A.	ITALY	403	1.3%	7.7%	30.2%	61.2%	-11.2%	76.9%
LU-VE SpA	ITALY	358	1.9%	4.9%	13.4%	52.6%	55.6%	67.4%
Aquafil SpA	ITALY	260	6.9%	17.0%	69.0%	83.6%	-50.5%	na
Sabaf S.p.A.	ITALY	253	-3.1%	10.1%	59.9%	115.8%	13.4%	116.4%
B&C Speakers S.p.A.	ITALY	125	1.3%	8.6%	9.6%	34.1%	-9.4%	67.3%
PEERS Italian Small-Caps	Average		0.8%	6.5%	29.7%	58.3%	-1.0%	84.0%
	Median		1.3%	8.1%	21.8%	56.9%	-6.6%	76.9%

Source: Alantra estimates and Factset



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