

## Industrie Chimiche Forestali

Sector: Industrial

### Positive Mid-term Stance on Mixed 3Q results

*We keep our BUY rating on ICF and our TP of EUR9.0 (ca 40% upside). 3Q trading update, released yesterday at market close, came out stronger than expected on sales and weaker on profitability. The solid cash generation was confirmed. Persisting positive demand from luxury and outdoor footwear clients and the successful integration of Morel are positive news. On the negative, ICF suffered from the automotive slowdown and from the ongoing tensions on raw materials, hampering profitability. Going forward, positive performance of footwear and luxury adhesives and normalisation of automotive volumes and raw material prices pave the way for a positive 2022E. Further M&A deals could trigger a valuation step-up*

- **Still strong volumes in 3Q21; raw materials continue to hamper profitability.** ICF reported yesterday its 3Q21 trading update. Revenues came out at Eu17.7mn in 3Q21 (+14.2% YoY); footwear and luxury segments were the best performers in the quarter, as consumer spending rebounded in the period; by contrast automotive sector suffered from the chip-shortage related slowdown of carmakers' production. EBITDA came out at Eu1.0mn in the quarter, yielding a 5.6% margin on sales, as a result of persisting tensions on raw materials and lower volumes in automotive. On the positive, all sectors apart automotive reached a double-digit EBITDA margin. Cash generation was again strong in the quarter. Net debt came out at Eu8.2mn (Eu7.2mn at 9M20) after Eu2.5mn cash-out for share buyback, Eu1mn dividends and Eu2.3mn for Morel acquisition, which brings FCF to Eu4.8mn over the LTM.
- **Temporary headwinds should fade as we move towards 2022; price increases applied so far could translate into higher margins as conditions normalize.** While the expected stop in orders from automotive clients was strong and the outlook on raw materials is still mixed, we keep a positive mid-term stance on ICF. According to major carmakers, automotive headwinds are mainly related to supply-side disruptions and, in particular, to chip-shortages: these tensions are temporary in nature and should pick up in next quarters. Demand-side instead seems healthy. By contrast, footwear and luxury sectors have benefitted from the strong rebound in consumer spending over the last two quarters: this trend is set to persist in the upcoming future. Heading into 4Q, management cited a positive sales trend across all business sectors, except from automotive, and a still unclear scenario for raw materials price developments.
- **Trimming FY21 EBITDA estimate; long-term prospects remain unchanged.** We: i) leave our top-line estimates unchanged as a result of a stronger than expected performance in footwear and luxury sectors offset by a faster slowdown in automotive; ii) slightly trim (-8.4%) our FY21 EBITDA estimate, as a result of lower volumes in automotive and the persisting tensions on raw materials. All in all, in FY21 we expect Eu74.1mn sales (+22.2% YoY), Eu5.5mn EBITDA (7.4% margin on sales) and Eu5.6mn net debt (Eu2.4mn above YE20 figure after including Morel acquisition, ca Eu2.5mn share buyback and Eu1mn dividends), underlying a very strong FCF generation.
- **BUY rating and EUR9.0 TP confirmed.** We keep our BUY rating and our TP of EUR9.0 (ca 40% upside), based on average of DCF and peers' multiples. Geographical and sector diversification, strong cash generation capabilities and the potential to act as sector consolidator make current valuation attractive. The stock is now trading at 4.6x EV/EBITDA on our FY22 estimates (>50% below larger international peers) and at an attractive 12.2% FCF Yield.

## BUY

Unchanged

## TP 9.00

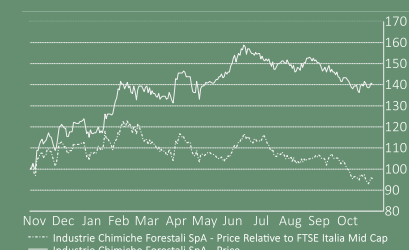
Unchanged

Target price upside 42%

Change in EPS est.	FY21E	FY22E
	-16.5%	-1.9%

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)		6.9
Market cap (Eu mn)		44
Total Market Cap f.d. (Eu mn)		44
Free Float Ord. (%)		91%
Free Float Ord. (Eu mn)		40
Daily AVG liquidity Ord. (Eu k)		101

	1M	3M	12M
Absolute Perf.	-0.6%	-6.5%	41.3%
Rel. to FTSEMidCap	-6.9%	-10.3%	-7.0%
52 weeks range		4.5	7.2



	FY20A	FY21E	FY22E
Sales	61	74	80
EBITDA	7.1	5.5	9.8
Net profit adj.	3.3	1.7	5.0
EPS adj.	0.475	0.239	0.720
DPS - Ord.	0.140	0.140	0.140
EV/EBITDA	6.2x	8.5x	4.4x
P/E adj.	13.3x	26.5x	8.8x
Dividend yield	2.2%	2.2%	2.2%
FCF yield	8.2%	8.7%	11.4%
Net debt/(Net cash)	3.2	5.6	2.1
Net debt/EBITDA	0.4x	1.0x	0.2x

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## Key Data

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	71.7	60.6	74.1	80.1	82.3
Gross margin	27.5	24.4	24.5	30.4	32.3
EBITDA reported	9.1	7.1	5.5	9.8	11.5
D&A	(4.2)	(4.3)	(4.3)	(4.3)	(4.3)
EBIT reported	4.8	2.7	1.1	5.5	7.2
Net financial charges	(0.3)	(1.3)	(0.4)	(0.3)	(0.3)
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	0.7	5.2	6.9
Taxes	(1.0)	0.8	5.4	(1.6)	(2.1)
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	6.1	3.6	4.8
<b>EBITDA adjusted</b>	<b>9.1</b>	<b>7.1</b>	<b>5.5</b>	<b>9.8</b>	<b>11.5</b>
<b>EBIT adjusted</b>	<b>6.8</b>	<b>4.7</b>	<b>3.1</b>	<b>7.5</b>	<b>9.2</b>
<b>Net profit adjusted</b>	<b>4.5</b>	<b>3.3</b>	<b>1.7</b>	<b>5.0</b>	<b>6.3</b>

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Gross margin	38.4%	40.2%	33.0%	37.9%	39.3%
EBITDA margin (adj)	12.6%	11.8%	7.4%	12.2%	14.0%
EBIT margin (adj)	9.4%	7.8%	4.2%	9.3%	11.2%
Pre-tax margin	6.2%	2.4%	1.0%	6.4%	8.4%
Net profit margin (adj)	6.3%	5.4%	2.2%	6.2%	7.6%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	-10.1%	-15.4%	22.2%	8.2%	2.7%
EBITDA	6.6%	-21.2%	-23.3%	78.8%	17.5%
EBITDA adjusted	6.6%	-21.2%	-23.3%	78.8%	17.5%
EBIT	372.5%	-42.9%	-58.7%	381.4%	32.3%
EBIT adjusted	5.5%	-29.9%	-34.0%	137.9%	23.7%
Pre-tax	-255.2%	-66.9%	-50.3%	603.3%	34.2%
Net profit	-191.9%	-35.8%	175.7%	-41.7%	35.0%
Net profit adjusted	15.5%	-27.2%	-49.7%	201.1%	25.0%

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
Shares	7.201	6.943	6.943	6.943	6.943
N. of shares AVG	7.201	6.943	6.533	6.533	6.533
N. of shares diluted AVG	7.201	7.072	6.943	6.943	6.943
<b>EPS</b>	<b>0.481</b>	<b>0.321</b>	<b>0.884</b>	<b>0.515</b>	<b>0.696</b>
<b>EPS adjusted</b>	<b>0.630</b>	<b>0.475</b>	<b>0.239</b>	<b>0.720</b>	<b>0.900</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	11.208	12.702	13.101	13.692

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.*	45.7	44.0	44.0	44.0	44.0
Net debt/(Net cash)	4.4	3.2	5.6	2.1	(3.6)
Adjustments	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Enterprise value	46.9	44.1	46.5	43.0	37.2

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

### Share price performance

Temporary tailwind should impact NTM EPS estimates



Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA adjusted	9.1	7.1	5.5	9.8	11.5
Net financial charges	(0.3)	(1.3)	(0.4)	(0.3)	(0.3)
Cash taxes	(1.0)	0.3	(0.5)	(2.1)	(2.6)
Ch. in Working Capital	1.2	(0.2)	0.8	(1.2)	(0.7)
Other operating items	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Operating cash flow</b>	<b>8.6</b>	<b>5.6</b>	<b>5.1</b>	<b>5.9</b>	<b>7.6</b>
Capex	(0.9)	(2.0)	(1.3)	(0.9)	(0.9)
<b>FCF</b>	<b>7.7</b>	<b>3.6</b>	<b>3.8</b>	<b>5.0</b>	<b>6.7</b>
Disposals/Acquisitions	0.0	0.0	(3.3)	0.0	0.0
Changes in Equity	(1.2)	(1.4)	(2.0)	(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>(2.4)</b>	<b>3.6</b>	<b>5.7</b>

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Capex/Sales</b>	<b>1.3%</b>	<b>3.3%</b>	<b>1.7%</b>	<b>1.1%</b>	<b>1.1%</b>
Capex/D&A	0.2x	0.5x	0.3x	0.2x	0.2x
FCF/EBITDA	84.7%	50.3%	70.2%	51.4%	58.0%
FCF/Net profit	221.3%	nm	nm	nm	nm
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>43.6%</b>	<b>15.8%</b>	<b>27.2%</b>	<b>27.2%</b>

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	13.8	15.3	13.1	14.2	14.9
Fixed assets	76.6	74.2	70.8	67.1	60.7
Provisions & others	(9.1)	(8.5)	4.7	6.4	10.2
<b>Net capital employed</b>	<b>81.4</b>	<b>81.0</b>	<b>88.6</b>	<b>87.6</b>	<b>85.8</b>
<b>Net debt/(Net cash)</b>	<b>4.4</b>	<b>3.2</b>	<b>5.6</b>	<b>2.1</b>	<b>(3.6)</b>
Equity	77.0	77.8	83.0	85.6	89.4
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>17.7%</b>	<b>17.7%</b>	<b>18.1%</b>
<b>Net debt/Equity</b>	<b>5.7%</b>	<b>4.1%</b>	<b>6.8%</b>	<b>2.4%</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>0.5x</b>	<b>0.4x</b>	<b>1.0x</b>	<b>0.2x</b>	<b>nm</b>

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
<b>EV/CE</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>0.5x</b>
P/BV	0.6x	0.6x	0.5x	0.5x	0.5x
EV/Sales	0.7x	0.7x	0.6x	0.5x	0.5x
EV/EBITDA	5.2x	6.2x	8.5x	4.4x	3.2x
<b>EV/EBITDA adjusted</b>	<b>5.2x</b>	<b>6.2x</b>	<b>8.5x</b>	<b>4.4x</b>	<b>3.2x</b>
EV/EBIT	9.8x	16.1x	41.1x	7.9x	5.2x
<b>EV/EBIT adjusted</b>	<b>6.9x</b>	<b>9.3x</b>	<b>14.9x</b>	<b>5.8x</b>	<b>4.0x</b>
P/E	13.2x	19.8x	7.2x	12.3x	9.1x
<b>P/E adjusted</b>	<b>10.1x</b>	<b>13.3x</b>	<b>26.5x</b>	<b>8.8x</b>	<b>7.0x</b>
ROCE pre-tax	7.4%	5.3%	3.6%	9.0%	11.8%
<b>ROE</b>	<b>5.9%</b>	<b>4.2%</b>	<b>2.0%</b>	<b>5.8%</b>	<b>7.0%</b>
EV/FCF	6.1x	12.3x	12.1x	8.5x	5.6x
<b>FCF yield</b>	<b>16.8%</b>	<b>8.2%</b>	<b>8.7%</b>	<b>11.4%</b>	<b>15.2%</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>

### Valuation

The company is trading at significant discount to sector peers



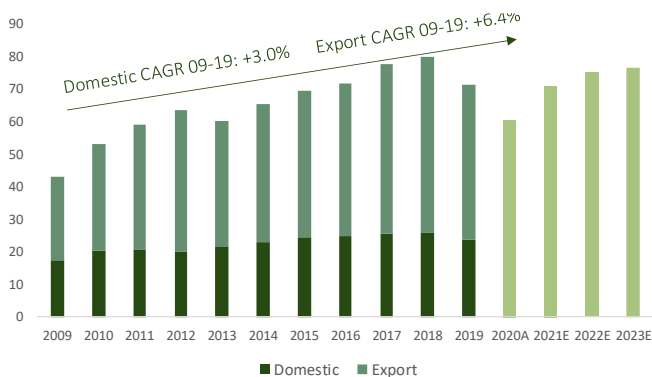
# ALANTRA

Italian Equity Research

## Key Charts

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

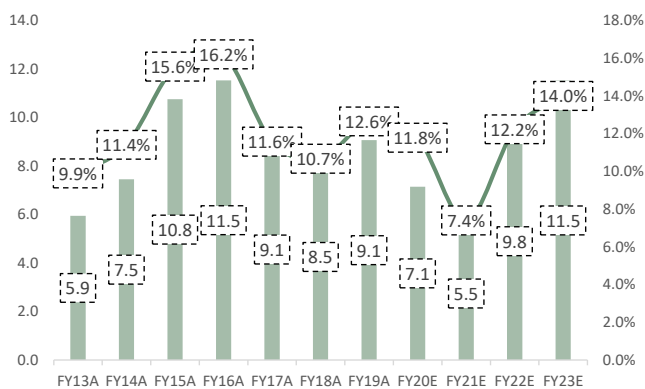
FY20 sales were highly impacted by Covid-19 outbreak



Source: company data

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

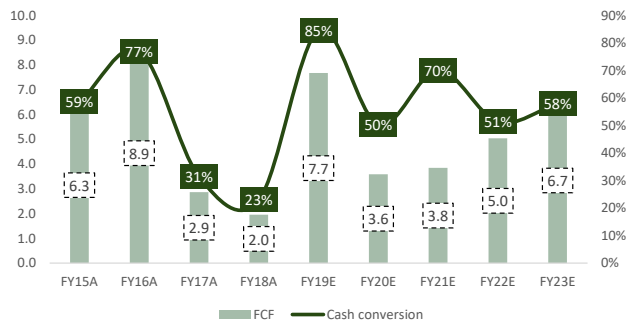
Profitability was resilient to Covid-19 related slowdown in 2020



Source: company data

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

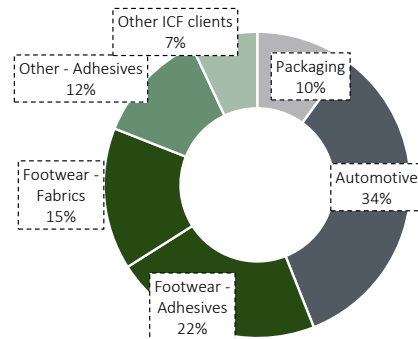
Good cash generation also in FY20



Source: company data

### Revenues breakdown by Sector (FY20)

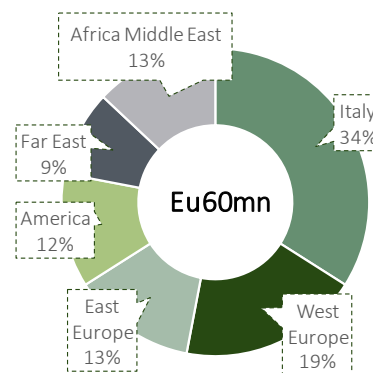
Born in footwear, ICF expanded in automotive, packaging and leather goods



Source: Company data

### Revenues breakdown by Geography (FY20)

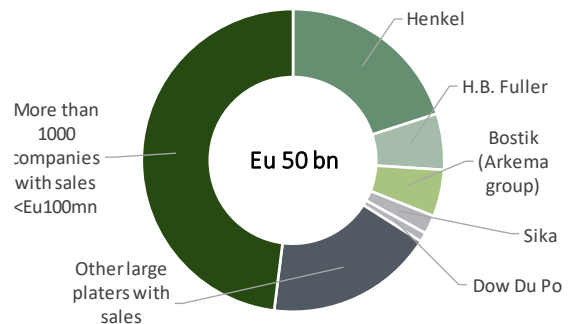
Well diversified by geography



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**

## 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.

## 3Q21 Results

### 3Q21 Results

•Still strong volumes in 3Q21; raw materials and automotive slowdown dented profitability

Eu mn	3Q20A	3Q21E	YoY %	4Q20A	4Q21E	YoY %	FY20A	FY21E	YoY %
Revenues	15.5	17.7	14.2%	16.5	18.9	14.6%	60.6	74.1	22.2%
Purchase of raw materials	0.0	0.0		0.0	0.0		(36.6)	(49.9)	
<i>on sales %</i>	0.0%	0.0%		0.0%	0.0%		-60.4%	-67.3%	
EBITDA Adjusted	2.2	1.0	-54.7%	1.9	1.2	-39.2%	7.1	5.5	-23.3%
<i>Ebitda Margin %</i>	14.2%	5.6%		11.8%	6.2%		11.8%	7.4%	
NFP end of the period	(7.2)	(8.2)		(3.2)	(5.6)		(3.2)	(5.6)	

Source: Alantra estimates

## Estimates

### Change in estimates

Slightly trimming our FY21 EBITDA estimate due to a stronger than expected slowdown in automotive and persisting tensions on raw materials

(Eu mn)	NEW Estimates			% Change		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Total Revenues / Value of Production	74.1	80.1	82.3	0.0%	0.0%	0.0%
EBITDA Adjusted	5.5	9.8	11.5	-8.4%	-2.0%	-1.8%
EBIT Adjusted	3.1	7.5	9.2	-13.8%	-2.6%	-2.2%
Net profit restated	1.7	5.0	6.3	-16.5%	-1.9%	-1.4%
EPS	0.254	0.765	0.957	-16.5%	-1.9%	-1.4%
Net financial position	(5.6)	(2.1)	3.6	(0.2)	1.5	2.0

Source: Alantra estimates

## Peers

### Trading multiples

At current market price, the stock is at huge discount vs peers on 2022/2023E

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	47	8.5 x	4.4 x	3.2 x	14.9 x	5.8 x	4.0 x	26.5 x	8.8 x	7.0 x	0.6 x	0.5 x	0.5 x
			-16%	-55%	-62%	-20%	-60%	-68%	21%	-52%	-57%	-62%	-64%	-67%
<b>PEERS</b>	<b>Average</b>		12.7 x	11.1 x	10.1 x	20.1 x	16.5 x	14.5 x	24.7 x	20.7 x	18.7 x	2.3 x	2.1 x	1.9 x
	<b>Median</b>		10.1 x	9.7 x	8.5 x	18.5 x	14.5 x	12.7 x	22.0 x	18.3 x	16.5 x	1.6 x	1.5 x	1.4 x
Henkel AG & Co. KGaA Pref	GERMANY	32,532	9.6 x	8.8 x	8.1 x	12.1 x	11.1 x	10.1 x	17.0 x	15.7 x	14.7 x	1.6 x	1.5 x	1.4 x
Sika AG	SWITZERLAND	43,357	30.1 x	26.1 x	23.0 x	38.0 x	32.2 x	27.8 x	50.5 x	44.5 x	38.6 x	5.8 x	5.3 x	4.8 x
Arkema SA	FRANCE	9,408	6.3 x	7.2 x	6.5 x	9.6 x	11.4 x	10.2 x	12.3 x	13.7 x	13.0 x	1.1 x	1.2 x	1.1 x
H.B. Fuller Company	UNITED STATES	3,432	11.8 x	10.3 x	8.9 x	18.5 x	14.5 x	12.7 x	22.0 x	18.3 x	15.9 x	1.7 x	1.5 x	1.4 x
<b>PEERS Adhesives Producers</b>	<b>Average</b>		14.4 x	13.1 x	11.6 x	19.6 x	17.3 x	15.2 x	25.4 x	23.0 x	20.5 x	2.6 x	2.4 x	2.2 x
	<b>Median</b>		10.7 x	9.5 x	8.5 x	15.3 x	13.0 x	11.4 x	19.5 x	17.0 x	15.3 x	1.7 x	1.5 x	1.4 x
SAES Getters S.p.A.	ITALY	534	20.5 x	14.7 x	14.5 x	34.2 x	22.9 x	20.5 x	39.4 x	27.1 x	23.9 x	3.4 x	3.1 x	2.9 x
Cembre S.p.A.	ITALY	471	10.1 x	9.7 x	9.1 x	13.4 x	13.0 x	12.2 x	18.5 x	18.2 x	na	2.9 x	2.7 x	2.6 x
LU-VE SpA	ITALY	511	11.3 x	9.7 x	8.5 x	23.1 x	18.4 x	14.7 x	24.8 x	19.9 x	17.0 x	1.3 x	1.2 x	1.1 x
Aquafil SpA	ITALY	350	8.4 x	7.2 x	6.7 x	23.4 x	16.8 x	14.5 x	28.0 x	19.1 x	17.2 x	1.1 x	1.0 x	0.9 x
Sabaf S.p.A.	ITALY	316	6.3 x	6.0 x	5.3 x	8.9 x	8.7 x	7.5 x	10.3 x	10.3 x	9.3 x	1.4 x	1.3 x	1.2 x
B&C Speakers S.p.A.	ITALY	158	na	na	na	na	na	na	na	na	na	na	na	na
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		11.3 x	9.5 x	8.8 x	20.6 x	15.9 x	13.9 x	24.2 x	18.9 x	16.9 x	2.0 x	1.9 x	1.7 x
	<b>Median</b>		10.1 x	9.7 x	8.5 x	23.1 x	16.8 x	14.5 x	24.8 x	19.1 x	17.1 x	1.4 x	1.3 x	1.2 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		2.2%	2.2%	2.2%	8.7%	11.4%	15.2%	1.0 x	0.2 x	nm	0.5 x	0.5 x	0.5 x
<b>PEERS</b>	<b>Average</b>		1.9%	2.0%	2.0%	3.5%	5.3%	6.2%	1.7 x	1.5 x	1.2 x	3.6 x	3.2 x	2.9 x
	<b>Median</b>		1.9%	2.1%	2.1%	2.7%	5.5%	6.5%	1.7 x	1.4 x	1.0 x	2.7 x	2.4 x	2.1 x
Henkel AG & Co. KGaA Pref	GERMANY	32,532	2.4%	2.5%	2.6%	4.8%	5.7%	6.1%	0.1 x	nm	nm	1.8 x	1.7 x	1.6 x
Sika AG	SWITZERLAND	43,357	0.9%	1.0%	1.1%	1.9%	2.5%	2.9%	1.4 x	0.9 x	0.4 x	13.0 x	11.1 x	9.4 x
Arkema SA	FRANCE	9,408	2.2%	2.4%	2.5%	3.3%	5.3%	6.9%	0.4 x	1.0 x	0.7 x	1.6 x	1.5 x	1.4 x
H.B. Fuller Company	UNITED STATES	3,432	0.9%	0.9%	0.9%	5.4%	6.5%	7.5%	3.2 x	2.5 x	1.9 x	2.7 x	2.4 x	2.2 x
<b>PEERS Adhesives Producers</b>	<b>Average</b>		1.6%	1.7%	1.8%	3.9%	5.0%	5.9%	1.3 x	1.5 x	1.0 x	4.8 x	4.2 x	3.6 x
	<b>Median</b>		1.5%	1.7%	1.8%	4.0%	5.5%	6.5%	0.9 x	1.0 x	0.7 x	2.2 x	2.0 x	1.9 x
SAES Getters S.p.A.	ITALY	534	1.9%	2.1%	2.3%	1.6%	3.3%	4.1%	2.7 x	2.0 x	2.1 x	2.1 x	2.0 x	1.9 x
Cembre S.p.A.	ITALY	471	3.2%	3.2%	na	na	na	na	nm	nm	nm	2.7 x	2.6 x	na
LU-VE SpA	ITALY	511	1.3%	1.5%	1.7%	2.2%	4.7%	5.1%	1.9 x	1.4 x	1.0 x	3.1 x	2.8 x	2.5 x
Aquafil SpA	ITALY	350	1.4%	1.7%	1.8%	7.6%	5.9%	9.8%	2.7 x	2.2 x	1.9 x	3.0 x	2.7 x	2.5 x
Sabaf S.p.A.	ITALY	316	2.8%	3.2%	3.3%	1.5%	8.6%	6.9%	1.0 x	0.6 x	0.3 x	2.3 x	2.0 x	1.7 x
B&C Speakers S.p.A.	ITALY	158	na	na	na	na	na	na	na	na	na	na	na	na
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		2.1%	2.3%	na	3.2%	5.6%	na	2.1 x	1.6 x	1.3 x	2.7 x	2.4 x	na
	<b>Median</b>		1.9%	2.1%	na	1.9%	5.3%	na	2.3 x	1.7 x	1.4 x	2.7 x	2.6 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	47	11.2%	8.2%	5.4%	1.3%	-23.4%	10.7%	17.3%	24.8%	23.7%
<b>PEERS</b>	<b>Average</b>		18.4%	12.5%	9.0%	5.1%	38.5%	9.1%	13.1%	21.8%	29.7%
	<b>Median</b>		17.5%	12.6%	9.3%	5.0%	34.0%	9.3%	13.8%	18.6%	26.0%
Henkel AG & Co. KGaA Pref	GERMANY	32,532	17.5%	13.9%	9.4%	3.5%	39.4%	3.7%	5.1%	5.9%	7.3%
Sika AG	SWITZERLAND	43,357	20.1%	16.3%	12.1%	2.6%	43.6%	10.6%	14.3%	17.8%	20.9%
Arkema SA	FRANCE	9,408	17.0%	10.9%	9.3%	7.3%	30.8%	7.0%	11.2%	18.6%	22.6%
H.B. Fuller Company	UNITED STATES	3,432	14.7%	10.1%	6.4%	2.7%	16.8%	9.8%	11.5%	15.1%	19.0%
<b>PEERS Adhesives Producers</b>	<b>Average</b>		17.3%	12.8%	9.3%	4.0%	32.6%	7.8%	10.5%	14.3%	17.4%
	<b>Median</b>		17.3%	12.4%	9.4%	3.1%	35.1%	8.4%	11.3%	16.4%	19.9%
SAES Getters S.p.A.	ITALY	534	19.2%	12.6%	9.1%	6.8%	62.2%	7.7%	16.2%	22.3%	58.2%
Cembre S.p.A.	ITALY	471	28.2%	21.1%	15.6%	na	59.0%	8.3%	10.4%	13.2%	na
LU-VE SpA	ITALY	511	12.2%	6.5%	4.4%	5.3%	29.8%	9.3%	13.8%	28.5%	29.4%
Aquafil SpA	ITALY	350	13.9%	5.8%	3.2%	4.6%	34.0%	11.2%	16.8%	45.0%	47.9%
Sabaf S.p.A.	ITALY	316	22.4%	15.7%	11.3%	7.5%	30.7%	14.4%	19.0%	29.9%	32.2%
B&C Speakers S.p.A.	ITALY	158	na	na	9.3%	na	na	na	na	na	na
<b>PEERS Italian Small-Caps</b>	<b>Average</b>		19.2%	12.3%	8.8%	6.1%	43.1%	10.2%	15.2%	27.8%	41.9%
	<b>Median</b>		19.2%	12.6%	9.2%	6.1%	34.0%	9.3%	16.2%	28.5%	40.0%

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	47	-0.6%	-6.5%	1.6%	41.3%	-17.2%	na
PEERS	Average		12.1%	9.9%	19.0%	53.0%	52.8%	115.6%
	Median		12.7%	11.8%	21.9%	46.0%	35.1%	113.1%
Henkel AG & Co. KGaA Pref	GERMANY	32,532	-2.3%	-12.7%	-19.7%	-16.7%	-20.1%	-29.5%
Sika AG	SWITZERLAND	43,357	6.5%	-1.9%	15.8%	40.2%	148.7%	287.8%
Arkema SA	FRANCE	9,408	11.3%	12.3%	11.1%	34.2%	29.1%	40.6%
H.B. Fuller Company	UNITED STATES	3,432	17.3%	14.3%	9.1%	43.7%	63.3%	61.3%
PEERS Adhesives Producers	Average		8.2%	3.0%	4.1%	25.3%	55.2%	90.0%
	Median		8.9%	5.2%	10.1%	37.2%	46.2%	51.0%
SAES Getters S.p.A.	ITALY	534	14.2%	25.6%	26.5%	21.3%	39.3%	129.4%
Cembre S.p.A.	ITALY	471	-0.7%	13.5%	17.4%	59.7%	31.0%	113.1%
LU-VE SpA	ITALY	511	9.0%	10.0%	43.3%	66.7%	132.8%	127.3%
Aquafil SpA	ITALY	350	15.9%	11.3%	27.9%	127.3%	-17.6%	na
Sabaf S.p.A.	ITALY	316	27.4%	4.2%	29.2%	105.2%	95.7%	204.4%
B&C Speakers S.p.A.	ITALY	158	22.6%	22.6%	29.3%	48.2%	25.9%	106.3%
PEERS Italian Small-Caps	Average		14.7%	14.5%	28.9%	71.4%	51.2%	136.1%
	Median		15.0%	12.4%	28.6%	63.2%	35.1%	127.3%

Source: Alantra estimates and Factset



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