

Industrie Chimiche Forestali

Sector: Industrial

Robust 1Q22 top-line. Margins hit by raw materials

ICF reported 1Q22 figures with positive top-line performance. Exposure to different end-markets protected revenues in a scenario of persistent weakness of the automotive business. By contrast, profitability lagged behind, due to a further increase in energy and raw material costs. We confirm our revenue projections, but we decrease our EBITDA estimate by 18% for FY22E. However, the group starts to see first hints of a stabilisation of raw material costs. A reverse of the trend would have a strong positive impact on margins, as price adjustments would follow with a time-lag. The stock is now trading at 2023E 3.6x EV/EBITDA (over 50% below larger international peers). BUY rating confirmed with TP to Eu7.8/share (from 8.0). The solid cash flow generation profile should be attractive in the current scenario (ICF has returned to shareholders ca. Eu6mn since its listing).

- 1Q22 revenues up double-digit and back to pre-covid level; EBITDA impacted by inflationary environment.** 1Q22 preliminary revenues came out at Eu21mn, up 14.1% yoy and above pre-covid level. As expected, footwear, leather goods and packaging outperformed the automotive business. Sales contribution from Morel reached a sound Eu2mn during the period. EBITDA was Eu1.2mn, down from Eu1.9mn in 1Q21, mainly due to a further increase in raw material costs and the inflationary trend of energy costs. Net debt reached Eu9.3mn, up from Eu7.4mn at YE21 and mostly driven by negative effect of NWC (for Eu1.5mn), linked to business seasonality and sales mix (automotive enjoys better than average NWC dynamics). Net Debt was also penalised by Eu0.3mn cash-out linked to the last payment of Morel acquisition and Eu0.1mn buyback.
- April 2022 confirms top line growth.** Sales in April continued to experience a positive trend, helped by ICF's cross-sectors diversification. Footwear, leather goods and packaging sectors should continue to be supportive, counterbalancing the weak performance in the automotive business. Raw material prices are starting to show some signs of deceleration, which might ease pressure on margins in the coming months. High energy costs should continue to hit, but the group has announced an agreement for the construction of a PV plant, which should cover 30% of the group's energy consumption and contribute to reduction of CO2 emissions. The plant should be up and running after summer 2022.
- We cut our FY22E profitability estimates while confirming top-line figures.** We confirm our revenue projections. We believe that the diversified sector exposure of ICF should shield top-line during the year. By contrast, we decrease our EBITDA estimate by 18% for FY22E, after the weak profitability in 1Q and persistence of a negative picture on margins in the first part of 2Q. We assume an improvement of profitability in 2H.
- BUY rating confirmed with TP to Eu7.8/share (from 8.0).** We keep our BUY rating and change our TP to Eu7.8/share (from 8.0), based on the average of DCF and peers' multiples. The solid cash flow generation profile should be attractive in the current scenario (ICF has returned to shareholders ca. Eu6mn since its listing). The stock is now trading at 2023E 3.6x EV/EBITDA (over 50% below larger international peers). Further M&A is an upside potential not included in our projections.

BUY

Unchanged

TP 7.8

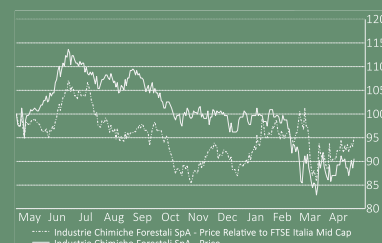
From 8.0

Target price upside 41%

	FY22E	FY23E
Change in EPS est.	-25.3%	1.8%

Ticker (BBG, Reut)	ICF IM	ICF MI
Share price Ord. (Eu)		5.5
N. of Ord. shares (mn)		6.8
Total N. of shares (mn)		6.8
Market cap (Eu mn)		38
Total Market Cap f.d. (Eu mn)		38
Free Float Ord. (%)		91%
Free Float Ord. (Eu mn)		34
Daily AVG liquidity Ord. (Eu k)		48

	1M	3M	12M
Absolute Perf.	1.1%	-12.2%	-13.8%
Rel. to FTSEMidCap	3.9%	-2.2%	-9.5%
52 weeks range		5.2	7.2



	FY21A	FY22E	FY23E
Sales	76	80	82
EBITDA	5.2	6.9	11.5
Net profit adj.	2.2	3.0	6.3
EPS adj.	0.317	0.440	0.924
DPS - Ord.	0.140	0.140	0.140
EV/EBITDA	10.0x	6.6x	3.6x
P/E adj.	20.1x	12.5x	6.0x
Dividend yield	2.2%	2.5%	2.5%
FCF yield	6.0%	7.9%	15.1%
Net debt/(Net cash)	7.4	7.7	3.0
Net debt/EBITDA	1.4x	1.1x	0.3x

Head of Research

Giuseppe Marsella

giuseppe.marsella@alantra.com

+39 02 63 671 620

Andrea Zampaloni

andrea.zampaloni@alantra.com

+39 02 63 671 621

Key Data

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	60.6	75.7	80.1	82.3	84.6
Gross margin	24.4	24.0	27.5	32.3	33.2
EBITDA reported	7.1	5.2	6.9	11.5	12.1
D&A	(4.3)	(4.4)	(4.3)	(4.3)	(4.3)
EBIT reported	2.7	0.7	2.6	7.2	7.8
Net financial charges	(1.3)	(0.8)	(0.3)	(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	1.5	(0.1)	2.3	6.9	7.5
Taxes	0.8	2.4	(0.7)	(2.0)	(2.7)
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	2.2	2.3	1.6	4.9	4.8
EBITDA adjusted	7.1	5.2	6.9	11.5	12.1
EBIT adjusted	4.7	2.7	4.5	9.2	9.8
Net profit adjusted	3.3	2.2	3.0	6.3	6.7

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	40.2%	31.8%	34.3%	39.3%	39.3%
EBITDA margin (adj)	11.8%	6.9%	8.6%	14.0%	14.3%
EBIT margin (adj)	7.8%	3.5%	5.7%	11.2%	11.5%
Pre-tax margin	2.4%	-0.2%	2.8%	8.4%	8.9%
Net profit margin (adj)	5.4%	2.9%	3.7%	7.7%	7.9%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-15.4%	24.9%	5.8%	2.7%	2.8%
EBITDA	-21.2%	-27.2%	33.0%	66.5%	5.0%
EBITDA adjusted	-21.2%	-27.2%	33.0%	66.5%	5.0%
EBIT	-42.9%	-74.5%	266.3%	181.0%	8.0%
EBIT adjusted	-29.9%	-43.8%	70.1%	102.6%	6.3%
Pre-tax	-66.9%	-108.8%	-1844.4%	205.0%	8.3%
Net profit	-35.8%	2.5%	-29.4%	205.0%	-3.3%
Net profit adjusted	-27.2%	-33.2%	36.3%	109.9%	6.5%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	6.943	6.943	6.824	6.824	6.824
N. of shares AVG	6.943	6.943	6.457	6.462	6.462
N. of shares diluted AVG	6.943	6.943	6.883	6.824	6.824
EPS	0.321	0.329	0.236	0.720	0.696
EPS adjusted	0.475	0.317	0.440	0.924	0.984
DPS - Ord.	0.140	0.140	0.140	0.140	0.140
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	11.208	11.058	11.678	12.282	12.870

Enterprise value (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)	5.6	6.4	5.5	5.5	5.5
Market cap	38.6	44.3	37.7	37.7	37.7
Net debt/(Net cash)	3.2	7.4	7.7	3.0	(2.7)
Adjustments	0.3	0.3	0.3	0.3	0.3
Enterprise value	42.1	52.0	45.7	40.9	35.3

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA adjusted	7.1	5.2	6.9	11.5	12.1
Net financial charges	(1.3)	(0.4)	(0.3)	(0.3)	(0.3)
Cash taxes	0.3	(0.3)	(0.8)	(2.1)	(2.6)
Ch. in Working Capital	(0.2)	0.5	(0.5)	(1.5)	(0.6)
Other operating items	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Operating cash flow	5.6	4.6	5.0	7.3	8.3
Capex	(2.0)	(2.0)	(2.1)	(1.6)	(1.7)
FCF	3.6	2.7	3.0	5.7	6.6
Disposals/Acquisitions	0.0	(3.4)	(0.3)	0.0	0.0
Changes in Equity	(1.4)	(2.3)	(2.0)	0.0	0.0
Others	(1.0)	(0.1)	0.0	0.0	0.0
Dividends	0.0	(1.0)	(1.0)	(1.0)	(1.0)
Ch. in NFP	1.2	(4.2)	(0.3)	4.7	5.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/Sales	3.3%	2.6%	2.6%	2.0%	2.0%
Capex/D&A	0.5x	0.4x	0.5x	0.4x	0.4x
FCF/EBITDA	50.3%	51.4%	42.8%	49.3%	54.4%
FCF/Net profit	nm	nm	nm	nm	nm
Dividend pay-out	43.3%	42.6%	59.3%	59.3%	59.3%

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	15.3	17.0	17.5	19.0	19.6
Fixed assets	74.2	76.1	74.3	71.6	69.0
Provisions & others	(8.5)	(9.0)	(8.7)	(8.3)	(8.1)
Net capital employed	81.0	84.1	83.1	82.3	80.5
Net debt/(Net cash)	3.2	7.4	7.7	3.0	(2.7)
Equity	77.8	76.8	75.4	79.4	83.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital/Sales	25.3%	22.5%	21.8%	23.0%	23.1%
Net debt/Equity	4.1%	9.6%	10.2%	3.7%	nm
Net debt/EBITDA	0.4x	1.4x	1.1x	0.3x	nm

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
EV/CE	0.5x	0.6x	0.5x	0.5x	0.4x
P/BV	0.5x	0.6x	0.5x	0.5x	0.5x
EV/Sales	0.7x	0.7x	0.6x	0.5x	0.4x
EV/EBITDA	5.9x	10.0x	6.6x	3.6x	2.9x
EV/EBITDA adjusted	5.9x	10.0x	6.6x	3.6x	2.9x
EV/EBIT	15.3x	74.1x	17.8x	5.7x	4.5x
EV/EBIT adjusted	8.9x	19.5x	10.1x	4.5x	3.6x
P/E	17.3x	19.4x	23.4x	7.7x	7.9x
P/E adjusted	11.7x	20.1x	12.5x	6.0x	5.6x
ROCE pre-tax	5.3%	2.9%	4.9%	10.1%	10.9%
ROE	4.2%	2.9%	4.0%	7.9%	8.1%
EV/FCF	11.7x	19.4x	15.4x	7.2x	5.4x
FCF yield	9.3%	6.0%	7.9%	15.1%	17.5%
Dividend yield	2.5%	2.2%	2.5%	2.5%	2.5%

Share price performance

Strong growth of EPS



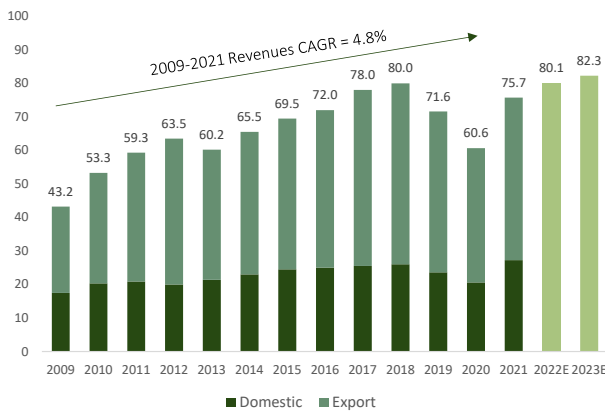
Valuation

The company is trading at significant discount versus peers



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

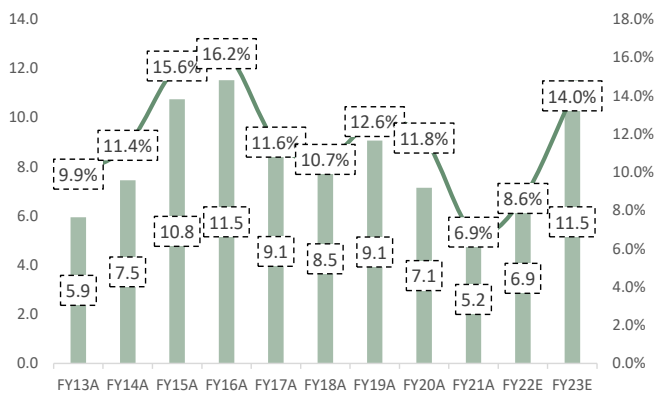
FY21 sales above pre-covid level



Source: company data

A profitable business (FY13A-FY23E EBITDA and margin)

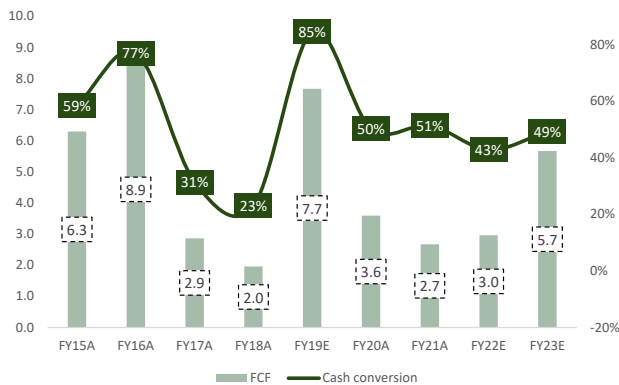
Profitability was resilient to Covid-19 related slowdown in 2020



Source: company data

Cash generative (FY15A-FY23E FCF and cash conversion)

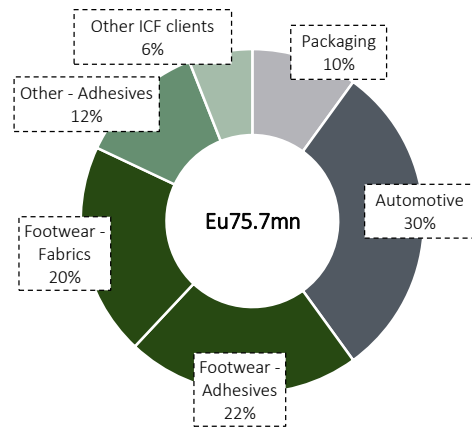
Good cash generation is foreseen in the coming years



Source: company data

Revenues breakdown by Sector (FY21A)

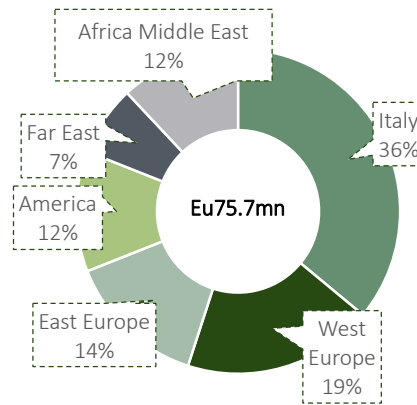
Born in footwear, ICF expanded in automotive, packaging and leather goods



Source: Company data

Revenues breakdown by Geography (FY21A)

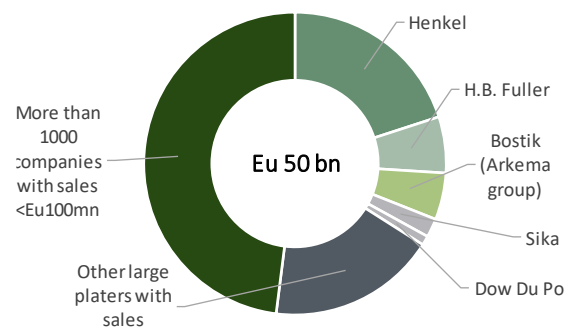
Well diversified by geography



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. With the Morel acquisition in 2021, ICF has expanded its activity into luxury footwear and leather goods.</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 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>
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 cash 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 26.51%

Management

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

Next events

1H22 results: 26/09/2022
3Q22 preliminary results: 14/11/2022

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
- 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

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 partnerships (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.

Results

1Q22 results

1Q22 revenues up double-digit and back to pre-covid level; EBITDA impacted by inflation of raw materials and energy costs

Eu mn	1Q21A	1Q22A	YoY %	FY21A	FY22E	YoY %
Revenues	18.4	21.0	14.1%	75.7	80.1	5.8%
				100.0%	100.0%	
EBITDA Adj.	1.9	1.2	-36.8%	5.2	6.9	33.0%
<i>Ebitda Margin %</i>	10.3%	5.7%		6.9%	8.6%	
NFP (debt)/cash	(2.1)	(9.3)	<i>nm</i>	(7.4)	(7.7)	<i>nm</i>

Source: Company data, Alantra

Estimates

Change in estimates

We cut our FY22E EBITDA estimate while confirming top-line figure

(Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Total Revenues / Value of Production	80.1	82.3	84.6	0%	0%	0%	80.1	82.3	84.6
EBITDA Adjusted	6.9	11.5	12.1	-18%	0%	0%	8.4	11.5	12.1
EBIT Adjusted	4.5	9.2	9.8	-25%	0%	0%	6.1	9.2	9.8
Net profit restated	3.0	6.3	6.7	-27%	0%	0%	4.1	6.3	6.7
EPS	0.465	0.976	1.039	-25%	2%	2%	0.622	0.959	1.021
Net financial position	(7.7)	(3.0)	2.7	-76%	-113%	-110%	(6.9)	(1.8)	3.8

Source: Alantra estimates

Peers

Trading multiples

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

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales			
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	
Industrie Chimiche Forestali	ITALY	41	6.6 x	3.6 x	2.9 x	10.1 x	4.5 x	3.6 x	12.5 x	6.0 x	5.6 x	0.6 x	0.5 x	0.4 x	
Premium (discount) to Peers' Median			-29%	-56%	-59%	-27%	-63%	-64%	-25%	-56%	-55%	-57%	-60%	-62%	
PEERS			Average	10.3 x	9.0 x	8.2 x	14.8 x	12.7 x	11.4 x	18.0 x	15.4 x	14.0 x	1.9 x	1.7 x	1.5 x
			Median	9.3 x	8.1 x	7.1 x	13.8 x	12.0 x	10.2 x	16.8 x	13.7 x	12.5 x	1.3 x	1.2 x	1.1 x
Henkel AG & Co. KGaA Pref	GERMANY	26,181	8.8 x	7.9 x	7.1 x	11.4 x	10.1 x	9.1 x	14.8 x	13.2 x	12.1 x	1.3 x	1.2 x	1.2 x	
Sika AG	SWITZERLAND	43,779	23.2 x	19.2 x	16.7 x	28.6 x	22.9 x	20.5 x	37.0 x	30.8 x	27.2 x	4.4 x	3.8 x	3.6 x	
Arkema SA	FRANCE	8,093	5.7 x	5.5 x	5.1 x	8.6 x	8.5 x	7.9 x	9.7 x	10.0 x	9.5 x	1.0 x	0.9 x	0.8 x	
H.B. Fuller Company	UNITED STATES	3,334	9.4 x	8.4 x	7.6 x	13.4 x	11.5 x	10.2 x	15.7 x	13.7 x	12.5 x	1.3 x	1.3 x	1.1 x	
PEERS Adhesives Producers			Average	11.8 x	10.2 x	9.1 x	15.5 x	13.3 x	11.9 x	19.3 x	16.9 x	15.3 x	2.0 x	1.8 x	1.7 x
			Median	9.1 x	8.1 x	7.4 x	12.4 x	10.8 x	9.6 x	15.3 x	13.4 x	12.3 x	1.3 x	1.2 x	1.1 x
SAES Getters S.p.A.	ITALY	436	12.2 x	11.1 x	10.8 x	17.2 x	15.6 x	14.8 x	22.2 x	17.6 x	16.4 x	2.4 x	2.4 x	2.3 x	
Cembre S.p.A.	ITALY	473	9.4 x	8.9 x	na	12.5 x	11.8 x	na	17.9 x	na	na	2.6 x	2.5 x	na	
LU-VE SpA	ITALY	445	9.3 x	7.5 x	6.5 x	18.8 x	14.1 x	11.5 x	18.8 x	14.7 x	13.2 x	1.1 x	1.0 x	0.9 x	
Aquafil SpA	ITALY	256	6.2 x	5.8 x	5.1 x	14.1 x	12.3 x	9.8 x	14.3 x	12.3 x	10.2 x	0.8 x	0.7 x	0.6 x	
Sabaf S.p.A.	ITALY	279	6.4 x	5.6 x	5.0 x	9.1 x	7.9 x	7.2 x	10.2 x	9.3 x	9.1 x	1.2 x	1.1 x	1.0 x	
B&C Speakers S.p.A.	ITALY	147	12.0 x	10.5 x	9.6 x	14.2 x	12.2 x	11.4 x	19.3 x	17.2 x	16.0 x	2.4 x	2.2 x	2.1 x	
PEERS Italian Small-Caps			Average	9.2 x	8.2 x	7.4 x	14.3 x	12.3 x	11.0 x	17.1 x	14.2 x	13.0 x	1.7 x	1.6 x	1.4 x
			Median	9.3 x	8.2 x	6.5 x	14.2 x	12.3 x	11.4 x	18.3 x	14.7 x	13.2 x	1.8 x	1.7 x	1.0 x

Company	Country	Mkt Cap (Eu mn)	Dividend Yield			FCF Yield			Net Debt/EBITDA			P/BV			
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	
Industrie Chimiche Forestali	ITALY		2.5%	2.5%	2.5%	7.9%	15.1%	17.5%	1.1 x	0.3 x	nm	0.5 x	0.5 x	0.5 x	
PEERS			Average	2.4%	2.4%	2.4%	4.9%	6.3%	7.9%	1.4 x	1.3 x	1.2 x	2.8 x	2.5 x	2.3 x
			Median	2.5%	2.7%	2.8%	4.7%	5.9%	8.2%	1.1 x	1.1 x	0.9 x	2.0 x	1.7 x	1.6 x
Henkel AG & Co. KGaA Pref	GERMANY	26,181	3.0%	3.1%	3.3%	5.2%	5.9%	7.0%	0.3 x	0.0 x	nm	1.3 x	1.3 x	1.2 x	
Sika AG	SWITZERLAND	43,779	1.1%	1.3%	1.5%	2.4%	3.3%	4.2%	1.0 x	0.7 x	0.6 x	8.7 x	7.2 x	5.9 x	
Arkema SA	FRANCE	8,093	3.0%	3.1%	3.3%	5.9%	8.6%	9.2%	1.1 x	0.9 x	0.7 x	1.2 x	1.2 x	1.1 x	
H.B. Fuller Company	UNITED STATES	3,334	1.0%	1.1%	1.1%	6.2%	8.2%	8.5%	2.9 x	2.4 x	1.8 x	2.0 x	1.8 x	1.6 x	
PEERS Adhesives Producers			Average	2.0%	2.2%	2.3%	4.9%	6.5%	7.2%	1.3 x	1.0 x	1.1 x	3.3 x	2.9 x	2.5 x
			Median	2.0%	2.2%	2.4%	5.5%	7.0%	7.7%	1.1 x	0.8 x	0.7 x	1.7 x	1.5 x	1.4 x
SAES Getters S.p.A.	ITALY	436	2.3%	2.4%	0.0%	4.2%	5.4%	5.3%	1.8 x	1.9 x	2.1 x	1.7 x	1.6 x	na	
Cembre S.p.A.	ITALY	473	4.2%	na	na	na	na	na	nm	nm	na	2.7 x	na	na	
LU-VE SpA	ITALY	445	1.8%	2.0%	1.8%	4.1%	7.4%	8.5%	1.9 x	1.3 x	0.9 x	2.4 x	2.1 x	1.9 x	
Aquafil SpA	ITALY	256	2.4%	2.7%	4.5%	nm	4.8%	13.8%	2.4 x	2.2 x	1.7 x	1.9 x	1.7 x	1.6 x	
Sabaf S.p.A.	ITALY	279	2.6%	2.8%	2.8%	6.8%	7.6%	8.2%	1.0 x	0.7 x	0.4 x	2.0 x	1.7 x	1.5 x	
B&C Speakers S.p.A.	ITALY	147	2.7%	3.1%	3.1%	4.3%	5.9%	6.8%	0.2 x	nm	nm	4.4 x	3.9 x	3.4 x	
PEERS Italian Small-Caps			Average	2.7%	2.6%	na	4.9%	6.2%	na	1.5 x	1.5 x	1.3 x	2.5 x	2.2 x	na
			Median	2.5%	2.7%	na	4.3%	5.9%	na	1.8 x	1.6 x	1.3 x	2.2 x	1.7 x	na

Source: Alantra estimates and Factset

Financials

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

Company	Country	Mkt Cap (Eu mn)	FY22E - FY24E average margins					CAGR FY21A - FY24E				
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS	
Industrie Chimiche Forestali	ITALY	41	12.3%	9.4%	6.4%	2.2%	-59.3%	3.8%	32.5%	54.1%	45.8%	
PEERS			Average	18.1%	13.0%	9.2%	4.6%	37.8%	7.9%	9.2%	12.7%	13.9%
			Median	18.2%	13.0%	9.2%	5.7%	34.4%	7.1%	9.0%	16.3%	15.2%
Henkel AG & Co. KGaA Pref	GERMANY	26,181	15.6%	12.1%	8.4%	3.5%	42.1%	3.6%	1.9%	1.8%	3.3%	
Sika AG	SWITZERLAND	43,779	20.0%	16.4%	12.3%	2.7%	41.4%	12.8%	17.3%	18.3%	18.3%	
Arkema SA	FRANCE	8,093	16.5%	10.8%	7.1%	6.2%	30.6%	5.1%	1.8%	0.1%	-1.3%	
H.B. Fuller Company	UNITED STATES	3,334	14.6%	10.6%	6.8%	2.7%	14.6%	8.2%	9.0%	16.3%	15.2%	
PEERS Adhesives Producers			Average	16.7%	12.5%	8.6%	3.8%	32.2%	7.4%	7.5%	9.1%	8.9%
			Median	16.0%	11.5%	7.7%	3.1%	36.0%	6.7%	5.5%	9.0%	9.3%
SAES Getters S.p.A.	ITALY	436	20.9%	15.0%	10.6%	6.3%	30.5%	7.1%	11.5%	17.2%	22.9%	
Cembre S.p.A.	ITALY	473	27.5%	20.7%	15.2%	na	74.4%	na	na	na	na	
LU-VE SpA	ITALY	445	12.4%	6.6%	4.9%	5.7%	29.1%	7.0%	8.8%	10.5%	7.8%	
Aquafil SpA	ITALY	256	12.3%	5.9%	3.4%	5.7%	38.1%	8.5%	9.0%	23.1%	30.4%	
Sabaf S.p.A.	ITALY	279	19.8%	13.8%	10.1%	7.2%	25.8%	4.9%	4.4%	4.3%	8.1%	
B&C Speakers S.p.A.	ITALY	147	21.1%	17.8%	12.9%	1.6%	51.6%	13.5%	19.0%	22.9%	21.0%	
PEERS Italian Small-Caps			Average	19.0%	13.3%	9.5%	5.3%	41.6%	8.2%	10.6%	15.6%	18.0%
			Median	20.4%	14.4%	10.4%	5.7%	34.3%	7.1%	9.0%	17.2%	21.0%

Source: Alantra estimates and Factset

Performance

Performance in line with peers over the last 3 months

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
Industrie Chimiche Forestali	ITALY	41	1.1%	-12.2%	-11.1%	-13.8%	-13.8%	na
PEERS	Average		-1.2%	-10.3%	-11.4%	5.8%	23.2%	30.7%
	Median		-0.6%	-10.8%	-10.4%	6.9%	19.7%	24.4%
Henkel AG & Co. KGaA Pref	GERMANY	26,181	0.1%	-15.3%	-23.8%	-36.7%	-33.3%	-51.4%
Sika AG	SWITZERLAND	43,779	-4.5%	-8.4%	-6.6%	7.9%	89.3%	174.6%
Arkema SA	FRANCE	8,093	0.5%	-17.3%	-8.3%	4.8%	21.1%	11.4%
H.B. Fuller Company	UNITED STATES	3,334	-1.8%	-7.9%	-9.3%	-1.0%	37.9%	25.1%
PEERS Adhesives Producers	Average		-1.4%	-12.2%	-12.0%	-6.3%	28.7%	39.9%
	Median		-0.8%	-11.8%	-8.8%	1.9%	29.5%	18.2%
SAES Getters S.p.A.	ITALY	436	-0.4%	-10.1%	-14.1%	6.5%	2.5%	23.7%
Cembre S.p.A.	ITALY	473	-0.4%	-11.5%	0.7%	17.8%	18.3%	37.3%
LU-VE SpA	ITALY	445	-0.7%	-11.5%	-11.5%	31.1%	67.4%	39.4%
Aquafil SpA	ITALY	256	-8.3%	-19.2%	-27.5%	-0.2%	-37.6%	-43.1%
Sabaf S.p.A.	ITALY	279	5.9%	-3.0%	-14.1%	7.3%	53.2%	77.6%
B&C Speakers S.p.A.	ITALY	147	-2.6%	0.8%	0.4%	20.3%	13.1%	12.7%
PEERS Italian Small-Caps	Average		-1.1%	-9.1%	-11.0%	13.8%	19.5%	24.6%
	Median		-0.6%	-10.8%	-12.8%	12.6%	15.7%	30.5%

Source: Alantra estimates and Factset

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