

## Industrie Chimiche Forestali

Sector: Industrial

### 3Q23 validates our FY projections

3Q23 results were consistent with our FY23 projections, confirming the group's ability to register a robust expansion in profitability (3Q23 EBITDA almost doubled yoy), in a reference market slowdown, with EBITDA margin of 10.8% in 3Q23. The gain in profitability comes again from the ease in energy and raw material prices. Net debt improved to Eu13.9mn from Eu15.8mn in 1H23. The group is expected to continue to extrapolate synergies from Tessitura Langè amid a prolonged context of subdued demand. We confirmed our FY23E, while mainly trimmed our FY24-25E sales (-6% on average) to factor-in persistent market uncertainties, in line with main ICF client's outlook. All in all, we foresee FY23E top-line to reach Eu80.3mn with EBITDA of Eu8.1mn/10.1% margin. ICF is trading at 6.4x 24E EV/EBIT, c. 40% discount vs peers. We confirm our BUY rating and TP of Eu7.0/share, as a result of mark-to-market DCF (50%) and peers re-rating (50%).

- 9M23 sales reached Eu60mn (-8% YoY) due to end markets challenges.** ICF reported 9M23 sales of Eu60.3mn, -8.2% (-13.5% organic) from Eu65.7mn in 9M22, mainly impacted by a challenging macroeconomic environment amid weak market conditions with lower demand across all reference sectors. Tessitura Langè consolidated in Apr-23 generated Eu3.5mn in top line. 3Q23 sales totalled Eu18.7mn, -10.1% yoy (-18.8% organic).
- EBITDA margin confirmed at double digit-with improved net debt.** 9M23 EBITDA reached Eu6.5mn/10.8% margin, up from Eu4.8mn/7.3% margin in 9M22, above our FYE figure of 9.2%. 3Q23 EBITDA stood at Eu2mn (10.8% margin), almost doubled yoy. We believe that the increase in profitability is stemming from more favourable energy and raw material costs, which eased compared to peak levels in 9M22. We also believe that the group's effort into balance business mix with mounting exposure to premium luxury footwear/leather segment has also helped to shield from a margin compression. Net debt reached Eu13.9mn, down from Eu15.8mn as of June 2023 (after Eu1.3mn dividends and Eu0.3mn buyback). The increase in NFP vs FY22 (Eu7.8mn) is mainly attributable to the acquisition of Tessitura Langè. Indeed, the integration resulted in: 1) Eu3.5mn NWC increase; 2) Eu1.4mn payment related to the first tranche of the deal; 3) Eu2.9mn IFRS lease impact due to the new plant related to the acquired business. Without considering that, NFP would have been lower vs YE22 figure.
- Focus on Tessitura Langè integration amid prolonged economic headwinds.** We recall that ICF is now focusing to better exploit synergies from Langè acquisition amid a challenging context. We remind that the deal has a strong strategic rationale that allows ICF to further penetrate the luxury end-market and diversifying business exposure (like Morel). This should be the priority in our view in a prolonged context of macroeconomic challenges, which reduces visibility on the business.
- We confirm our FY23E while trim our FY24-25E sales by 6% average.** We confirmed our FY23E while trimming our FY24-25E sales by an average of 6% due to persistent reference market uncertainties, in line with some of the major ICF client's outlook. All in all, we foresee FY23E top-line to reach Eu80.3mn with EBITDA of Eu8.1mn/10.1% margin. Net debt should improve to Eu11.3mn. Upsides may rise from additional synergies related to Tessitura Langè deal.
- BUY rating confirmed and TP of Eu7.0/share.** We confirm our BUY rating and TP of Eu7.0/share as a result of mark-to-market DCF (50% weight) and peers re-rating (50%). ICF is now trading at 2024E 6.4x EV/EBIT (c. 40% below larger international peers).

## BUY

Unchanged

## TP 7.0

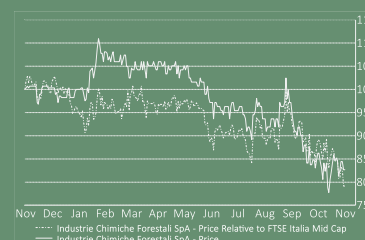
Unchanged

Target price upside 50%

| Change in EPS est. | FY23E | FY24E  |
|--------------------|-------|--------|
|                    | -2.9% | -14.6% |

| Ticker (BBG, Reut)              | ICF IM | ICF MI |
|---------------------------------|--------|--------|
| Share price Ord. (Eu)           |        | 4.7    |
| N. of Ord. shares (mn)          |        | 6.7    |
| Total N. of shares (mn)         |        | 6.7    |
| Market cap (Eu mn)              |        | 32     |
| Total Market Cap f.d. (Eu mn)   |        | 32     |
| Free Float Ord. (%)             |        | 91%    |
| Free Float Ord. (Eu mn)         |        | 29     |
| Daily AVG liquidity Ord. (Eu k) |        | 12     |

|                    | 1M     | 3M     | 12M    |
|--------------------|--------|--------|--------|
| Absolute Perf.     | -2.5%  | -11.7% | -17.6% |
| Rel. to FTSEMidCap | -10.5% | -11.5% | -21.9% |
| 52 weeks range     |        | 4.4    | 6.3    |



|                     | FY22A | FY23E | FY24E |
|---------------------|-------|-------|-------|
| Sales               | 88    | 80    | 85    |
| EBITDA              | 7.8   | 8.1   | 9.4   |
| Net profit adj.     | 3.9   | 3.3   | 3.6   |
| EPS adj.            | 0.575 | 0.486 | 0.535 |
| DPS - Ord.          | 0.200 | 0.140 | 0.140 |
| EV/EBITDA           | 6.1x  | 6.1x  | 4.3x  |
| P/E adj.            | 9.9x  | 11.4x | 8.7x  |
| Dividend yield      | 3.5%  | 2.5%  | 3.0%  |
| FCF yield           | 3.3%  | -0.8% | 16.6% |
| Net debt/(Net cash) | 7.8   | 11.3  | 8.3   |
| Net debt/EBITDA     | 1.0x  | 1.4x  | 0.9x  |

Andrea Zampaloni

andrea.zampaloni@alantra.com

+39 02 63 671 621

Head of Research

Luca Arena

luca.arena@alantra.com

+39 02 63 671 620

## Financial Summary (IFRS)

| P&L account (Eu mn)        | FY21A      | FY22A      | FY23E      | FY24E      | FY25E       |
|----------------------------|------------|------------|------------|------------|-------------|
| Sales                      | 75.7       | 88.3       | 80.3       | 84.9       | 92.0        |
| Gross margin               | 24.0       | 28.9       | 28.2       | 30.0       | 32.5        |
| EBITDA reported            | 5.2        | 7.8        | 8.1        | 9.4        | 11.4        |
| D&A                        | (4.4)      | (4.6)      | (4.8)      | (5.0)      | (5.2)       |
| EBIT reported              | 0.7        | 3.1        | 3.3        | 4.4        | 6.2         |
| Net financial charges      | (0.8)      | 0.6        | (0.7)      | (0.5)      | (0.5)       |
| 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             | (0.1)      | 3.7        | 2.6        | 3.9        | 5.7         |
| Taxes                      | 2.4        | (0.5)      | (0.8)      | (1.7)      | (2.2)       |
| Minorities                 | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         |
| Discontinued activities    | 0.0        | 0.0        | 0.0        | 0.0        | 0.0         |
| Net profit reported        | 2.3        | 3.2        | 1.9        | 2.2        | 3.5         |
| <b>EBITDA adjusted</b>     | <b>5.2</b> | <b>7.8</b> | <b>8.1</b> | <b>9.4</b> | <b>11.4</b> |
| <b>EBIT adjusted</b>       | <b>2.7</b> | <b>5.1</b> | <b>5.3</b> | <b>6.4</b> | <b>8.1</b>  |
| <b>Net profit adjusted</b> | <b>2.2</b> | <b>3.9</b> | <b>3.3</b> | <b>3.6</b> | <b>4.9</b>  |

| Margins (%)             | FY21A | FY22A | FY23E | FY24E | FY25E |
|-------------------------|-------|-------|-------|-------|-------|
| Gross margin            | 31.8% | 32.7% | 35.1% | 35.3% | 35.3% |
| EBITDA margin (adj)     | 6.9%  | 8.8%  | 10.1% | 11.1% | 12.4% |
| EBIT margin (adj)       | 3.5%  | 5.8%  | 6.6%  | 7.5%  | 8.9%  |
| Pre-tax margin          | -0.2% | 4.2%  | 3.3%  | 4.6%  | 6.2%  |
| Net profit margin (adj) | 2.9%  | 4.4%  | 4.1%  | 4.2%  | 5.3%  |

| Growth rates (%)    | FY21A   | FY22A    | FY23E  | FY24E | FY25E |
|---------------------|---------|----------|--------|-------|-------|
| Sales               | 24.9%   | 16.6%    | -9.1%  | 5.8%  | 8.3%  |
| EBITDA              | -27.2%  | 50.1%    | 4.1%   | 15.6% | 21.0% |
| EBITDA adjusted     | -27.2%  | 50.1%    | 4.1%   | 15.6% | 21.0% |
| EBIT                | -74.5%  | 345.8%   | 7.1%   | 32.0% | 40.0% |
| EBIT adjusted       | -43.8%  | 91.0%    | 4.4%   | 20.1% | 27.7% |
| Pre-tax             | -108.8% | -2950.8% | -28.6% | 48.0% | 45.2% |
| Net profit          | 2.5%    | 39.9%    | -41.1% | 17.7% | 56.8% |
| Net profit adjusted | -33.2%  | 76.6%    | -15.9% | 10.1% | 34.8% |

| Per share data           | FY21A        | FY22A        | FY23E        | FY24E        | FY25E        |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Shares                   | 6.943        | 6.770        | 6.741        | 6.741        | 6.741        |
| N. of shares AVG         | 6.943        | 6.770        | 6.665        | 6.637        | 6.637        |
| N. of shares diluted AVG | 6.943        | 6.856        | 6.755        | 6.741        | 6.741        |
| <b>EPS</b>               | <b>0.329</b> | <b>0.472</b> | <b>0.279</b> | <b>0.328</b> | <b>0.514</b> |
| <b>EPS adjusted</b>      | <b>0.317</b> | <b>0.575</b> | <b>0.486</b> | <b>0.535</b> | <b>0.721</b> |
| <b>DPS - Ord.</b>        | <b>0.140</b> | <b>0.200</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                     | 11.058       | 11.598       | 11.652       | 11.843       | 12.149       |

| Enterprise value (Eu mn) | FY21A | FY22A | FY23E | FY24E | FY25E |
|--------------------------|-------|-------|-------|-------|-------|
| Share price Ord. (Eu)    | 6.4   | 5.7   | 5.5   | 4.7   | 4.7   |
| Market cap               | 44.3  | 38.5  | 37.3  | 31.5  | 31.5  |
| Net debt/(Net cash)      | 7.4   | 7.8   | 11.3  | 8.3   | 5.5   |
| Adjustments              | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   |
| Enterprise value         | 52.6  | 47.2  | 49.5  | 40.8  | 38.0  |

| Cash flow (Eu mn)          | FY21A        | FY22A        | FY23E        | FY24E      | FY25E      |
|----------------------------|--------------|--------------|--------------|------------|------------|
| EBITDA adjusted            | 5.2          | 7.8          | 8.1          | 9.4        | 11.4       |
| Net financial charges      | (0.4)        | (0.6)        | (0.7)        | (0.5)      | (0.5)      |
| Cash taxes                 | (0.3)        | 0.5          | (0.9)        | (1.6)      | (2.1)      |
| Ch. in Working Capital     | 0.5          | (2.9)        | (2.8)        | (0.0)      | (2.4)      |
| Other operating items      | (0.3)        | (1.6)        | (2.5)        | (0.4)      | (0.4)      |
| <b>Operating cash flow</b> | <b>4.6</b>   | <b>3.3</b>   | <b>1.3</b>   | <b>6.9</b> | <b>6.0</b> |
| Capex                      | (2.0)        | (2.0)        | (1.6)        | (1.7)      | (1.8)      |
| <b>FCF</b>                 | <b>2.7</b>   | <b>1.3</b>   | <b>(0.3)</b> | <b>5.2</b> | <b>4.2</b> |
| Disposals/Acquisitions     | (3.4)        | (0.3)        | (1.4)        | (0.9)      | 0.0        |
| Changes in Equity          | (2.3)        | (0.5)        | (0.5)        | 0.0        | 0.0        |
| Others                     | (0.1)        | 0.1          | 0.0          | 0.0        | 0.0        |
| Dividends                  | (1.0)        | (1.0)        | (1.4)        | (1.3)      | (1.4)      |
| <b>Ch. in NFP</b>          | <b>(4.2)</b> | <b>(0.4)</b> | <b>(3.5)</b> | <b>3.1</b> | <b>2.8</b> |

| Ratios (%)              | FY21A        | FY22A        | FY23E        | FY24E        | FY25E        |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Capex/Sales</b>      | <b>2.6%</b>  | <b>2.3%</b>  | <b>2.0%</b>  | <b>2.0%</b>  | <b>2.0%</b>  |
| Capex/D&A               | 0.4x         | 0.4x         | 0.3x         | 0.3x         | 0.4x         |
| FCF/EBITDA              | 51.4%        | 16.0%        | -3.7%        | 55.8%        | 37.0%        |
| FCF/Net profit          | nm           | nm           | nm           | nm           | nm           |
| <b>Dividend pay-out</b> | <b>41.6%</b> | <b>42.4%</b> | <b>68.0%</b> | <b>65.0%</b> | <b>65.0%</b> |

| Balance sheet (Eu mn)       | FY21A       | FY22A       | FY23E       | FY24E       | FY25E       |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Working capital             | 17.0        | 20.7        | 22.7        | 22.6        | 31.0        |
| Fixed assets                | 76.1        | 73.3        | 71.7        | 70.0        | 67.9        |
| Provisions & others         | (9.0)       | (7.7)       | (5.4)       | (5.8)       | (12.7)      |
| <b>Net capital employed</b> | <b>84.1</b> | <b>86.3</b> | <b>89.0</b> | <b>86.9</b> | <b>86.1</b> |
| <b>Net debt/(Net cash)</b>  | <b>7.4</b>  | <b>7.8</b>  | <b>11.3</b> | <b>8.3</b>  | <b>5.5</b>  |
| Equity                      | 76.8        | 78.5        | 77.7        | 78.6        | 80.6        |
| Minority interests          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |

| Ratios (%)                   | FY21A        | FY22A        | FY23E        | FY24E        | FY25E        |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Working capital/Sales</b> | <b>22.5%</b> | <b>23.5%</b> | <b>28.2%</b> | <b>26.7%</b> | <b>33.7%</b> |
| <b>Net debt/Equity</b>       | <b>9.6%</b>  | <b>9.9%</b>  | <b>14.6%</b> | <b>10.5%</b> | <b>6.8%</b>  |
| <b>Net debt/EBITDA</b>       | <b>1.4x</b>  | <b>1.0x</b>  | <b>1.4x</b>  | <b>0.9x</b>  | <b>0.5x</b>  |

| Valuation                   | FY21A        | FY22A       | FY23E        | FY24E        | FY25E        |
|-----------------------------|--------------|-------------|--------------|--------------|--------------|
| <b>EV/CE</b>                | <b>0.6x</b>  | <b>0.5x</b> | <b>0.5x</b>  | <b>0.4x</b>  | <b>0.4x</b>  |
| P/BV                        | 0.6x         | 0.5x        | 0.5x         | 0.4x         | 0.4x         |
| EV/Sales                    | 0.7x         | 0.5x        | 0.6x         | 0.5x         | 0.4x         |
| EV/EBITDA                   | 10.1x        | 6.1x        | 6.1x         | 4.3x         | 3.3x         |
| <b>EV/EBITDA adjusted</b>   | <b>10.1x</b> | <b>6.1x</b> | <b>6.1x</b>  | <b>4.3x</b>  | <b>3.3x</b>  |
| EV/EBIT                     | 75.1x        | 15.1x       | 14.8x        | 9.2x         | 6.1x         |
| <b>EV/EBIT adjusted</b>     | <b>19.8x</b> | <b>9.3x</b> | <b>9.3x</b>  | <b>6.4x</b>  | <b>4.7x</b>  |
| P/E                         | 19.4x        | 12.0x       | 19.8x        | 14.3x        | 9.1x         |
| <b>P/E adjusted</b>         | <b>20.1x</b> | <b>9.9x</b> | <b>11.4x</b> | <b>8.7x</b>  | <b>6.5x</b>  |
| ROCE pre-tax                | 2.9%         | 5.4%        | 5.6%         | 6.8%         | 8.5%         |
| <b>ROE (excl. Goodwill)</b> | <b>5.3%</b>  | <b>9.0%</b> | <b>7.8%</b>  | <b>8.6%</b>  | <b>11.1%</b> |
| EV/FCF                      | 19.7x        | 37.8x       | -167.0x      | 7.8x         | 9.0x         |
| <b>FCF yield</b>            | <b>6.0%</b>  | <b>3.3%</b> | <b>-0.8%</b> | <b>16.6%</b> | <b>13.3%</b> |
| <b>Dividend yield</b>       | <b>2.2%</b>  | <b>3.5%</b> | <b>2.5%</b>  | <b>3.0%</b>  | <b>3.0%</b>  |

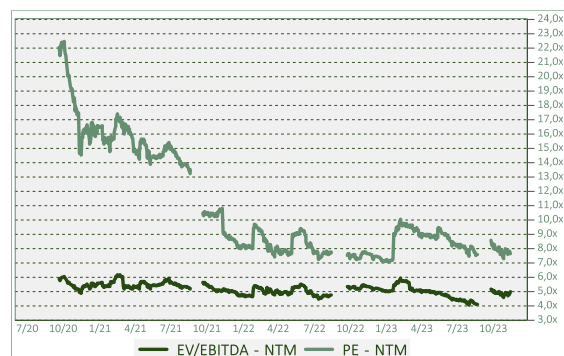
### Share price performance

Strong growth of EPS estimates



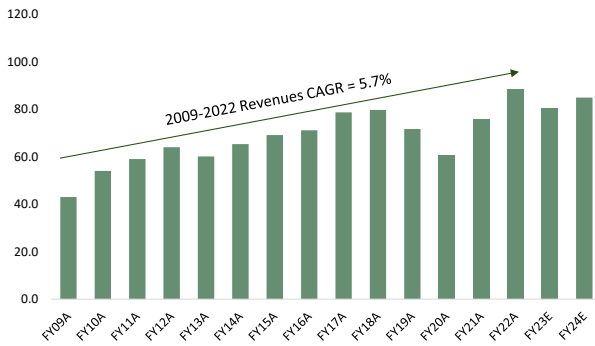
### Valuation

The company is trading at significant discount versus peers



### Solid top line growth in the long term (FY09A-FY24E)

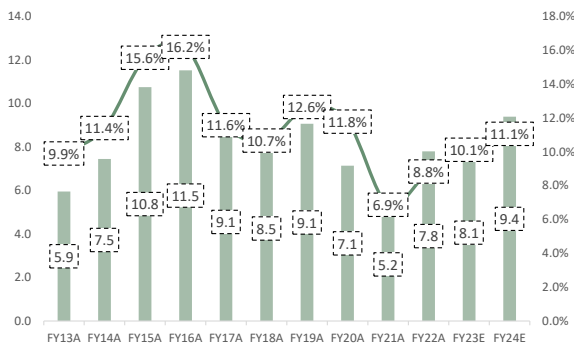
FY21-22 sales posted a double-digit growth



Source: company data

### A profitable business (FY13A-FY24E EBITDA and margin)

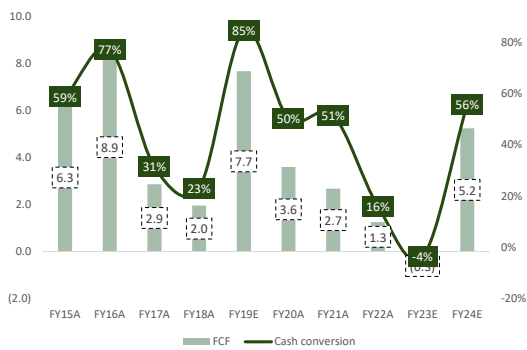
Profitability was resilient to Covid-19, further margin expansion is expected



Source: company data

### Cash generative (FY15A-FY24E FCF and cash conversion)

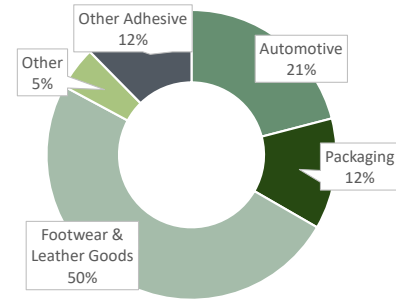
Good cash generation is foreseen ahead, reaching 50% cash conversion in FY24E



Source: company data

### Revenues breakdown by Sector (Tessitura Langè post-merger)

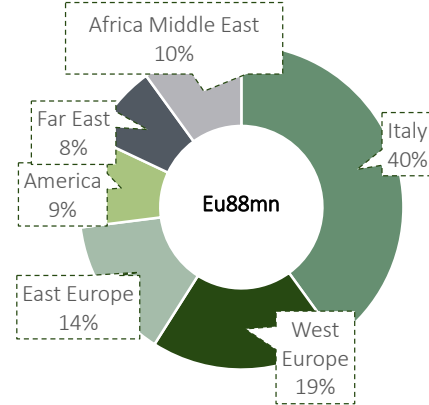
ICF has significantly reduced its exposure to the automotive sector



Source: Company data

### Revenues breakdown by Geography (FY22A)

Well diversified by geography



Source: company data

### An overview of ICF's adhesive applications

ICF's adhesive are used in a diversified end-markets (Premium leather/footwear, automotive, packaging)

**Footwear & Leather Goods (FORESTALI)**

- Adhesives: Solvent-based, Solvent-free, Water-based
- Technical fabrics: Toe-puff, counters, Linings and reinforcing

**Automotive (ABC)**

- Adhesives: Solvent-based, Solvent-free, Water-based

**Packaging (ABC)**

- Adhesives: Solvent-based, Solvent-free, Water-based

**Applications:**

- Footwear:** Technical fabric goes to reinforce the handle, bottom & sides of the bag. Adhesive is used to glue the linings.
- Automotive:** The layers of the headliner in a vehicle. It can be applied to light vehicles (passenger and commercial).
- Packaging:** The plastic cover of magazines and periodicals. The pins used in the staplers and similar objects.

Source: HB Fuller capital markets day 2018

## Profile

- Background** ICF manufactures adhesives (74% of sales in FY22) and technical fabrics (26%). 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: Forestali and ABC (Adhesive Based Chemicals). The Forestali division (66%) 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. Forestali also acts as a contract manufacturer in the production of third parties' brands for well recognized international players. The ABC division (34%) was launched in 2005 and manufactures industrial adhesives for the automotive and packaging industry. Today, Footwear and Leather Goods represents the most important reference sector accounting for 52% of sales, followed by Automotive for 22%. Smaller contribution but higher potential for growth comes from Packaging (13%) and other adhesive (13%).
- Positioning** 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. As of today, the company can rely on 3 R&D Labs (Manufacturing, Automotive, Packaging) with > 20 employees. 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. ICF sells its adhesives and fabrics all over the world. Sales made abroad were a relevant driver of growth over the last decade, representing 60% of 2022 total sales. The company distributes its products both directly, through a network of 9 experienced sales, and via agents / distributors. With the Morel and Tessitura Langè acquisitions in 2021 and 2023 respectively, ICF has expanded its activity into luxury footwear, leather goods and premium textiles.
- Growth** Since 2009, when Guido Cami was appointed as group's CEO, ICF has built a history of long-term solid growth: revenues grew from Eu43.0mn in FY09 to Eu88mn in FY22 posting a 6% 13Y CAGR. Growth came mainly from revenues made abroad thanks to an effective commercial activity made both in the US and in Asia. Cumulative adj. FCF generation over 2012-22 period was over Eu47mn. On average EBITDA cash conversion was >50%.
- The adhesive/sealants market is worth today around USD50bn (source: 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.
- Strategy** 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 opportunity to consolidate its leadership in reference markets, enter into new geographies/end markets.

### Strengths

Global leading player in the supply of adhesives for car headliners  
Cross-sector diversification with exposure to luxury end-markets  
Low maintenance capex needs, sound cash generation

### Weaknesses

Exposure to cyclical automotive market  
Competition in the automotive sector is with global players with larger scale  
High exposure to raw material prices fluctuation

### Opportunities

M&A to expand footprint, to achieve higher product and geographical diversification  
Develop new commercial relationships and industrial partnerships  
R&D on water-based adhesives to attract customers via eco-friendly technologies

### Threats

Aggressive commercial behavior from large suppliers in automotive sector  
Limited number of raw materials suppliers  
Cyclical downturn should hit demand from automotive customers

### Key shareholders

V.F. Adhesives srl 26.5%

### Management

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

### Next events

## 3Q/9M23 Results

### 3Q/9M23 results

9M23 sales reached Eu60mn (-8%) due to end markets challenges; EBITDA margin confirmed at double digit-with improved net debt

| Eu mn           | 3Q22A  | 3Q23A  | YoY %  | 9M22A  | 9M23A  | YoY % | FY22A | FY23E  | YoY % |
|-----------------|--------|--------|--------|--------|--------|-------|-------|--------|-------|
| Revenues        | 20.8   | 18.7   | -10.1% | 65.7   | 60.3   | -8.2% | 88.3  | 80.3   | -9%   |
| EBITDA Adj.     | 1.3    | 2.0    | 59.7%  | 4.8    | 6.5    | 35.4% | 7.8   | 8.1    | 4%    |
| Ebitda Margin % | 6.1%   | 10.8%  |        | 7.3%   | 10.8%  |       | 8.8%  | 10.1%  |       |
| NFP (debt)/cash | (12.3) | (13.9) |        | (12.3) | (13.9) |       | (7.8) | (11.3) |       |

Source: Company data, Alantra estimates

## Estimates

### Change in estimates

We confirm our FY23E while mainly trim our FY24-25E sales by 6% average

| (Eu mn)                              | NEW Estimates |       |       | % Change |       |       | OLD Estimates |       |       |
|--------------------------------------|---------------|-------|-------|----------|-------|-------|---------------|-------|-------|
|                                      | FY23E         | FY24E | FY25E | FY23E    | FY24E | FY25E | FY23E         | FY24E | FY25E |
| Total Revenues / Value of Production | 80.3          | 84.9  | 92.0  | -2%      | -7%   | -4%   | 82.1          | 91.2  | 96.1  |
| EBITDA Adjusted                      | 8.1           | 9.4   | 11.4  | 1%       | -8%   | -2%   | 8.1           | 10.2  | 11.6  |
| EBIT Adjusted                        | 5.3           | 6.4   | 8.1   | 1%       | -11%  | -3%   | 5.2           | 7.1   | 8.4   |
| Net profit restated                  | 3.3           | 3.6   | 4.9   | -3%      | -15%  | -4%   | 3.4           | 4.2   | 5.1   |
| EPS                                  | 0.493         | 0.543 | 0.733 | -3%      | -15%  | -4%   | 0.508         | 0.636 | 0.766 |
| Net financial position               | (11.3)        | (8.3) | (5.5) | 0.40     | 0.03  | -1.21 | (11.7)        | (8.3) | (4.3) |

Source: Alantra estimates

## Peers

### Trading multiples

At current market price, the stock is at large discount vs peers on 2023/2024E multiples

| Company                             | Country       | Mkt Cap (Eu mn) | EV/EBITDA |         |        | EV/EBIT |        |        | PE     |        |        | EV/Sales |       |       |
|-------------------------------------|---------------|-----------------|-----------|---------|--------|---------|--------|--------|--------|--------|--------|----------|-------|-------|
|                                     |               |                 | FY23E     | FY24E   | FY25E  | FY23E   | FY24E  | FY25E  | FY23E  | FY24E  | FY25E  | FY23E    | FY24E | FY25E |
| Industrie Chimiche Forestall        | ITALY         | 34              | 6.1 x     | 4.3 x   | 3.3 x  | 9.3 x   | 6.4 x  | 4.7 x  | 11.4 x | 8.7 x  | 6.5 x  | 0.6 x    | 0.5 x | 0.4 x |
| Premium (discount) to Peers' Median |               |                 | -27%      | -41%    | -49%   | -24%    | -38%   | -50%   | -28%   | -35%   | -51%   | -59%     | -67%  | -69%  |
| <b>PEERS</b>                        |               |                 |           |         |        |         |        |        |        |        |        |          |       |       |
| Average                             |               |                 | 12.3 x    | 20.0 x  | 7.1 x  | 13.8 x  | 11.4 x | 9.9 x  | 17.4 x | 14.7 x | 13.5 x | 2.0 x    | 2.1 x | 1.4 x |
| Median                              |               |                 | 8.4 x     | 7.3 x   | 6.6 x  | 12.2 x  | 10.2 x | 9.2 x  | 15.7 x | 13.5 x | 13.2 x | 1.5 x    | 1.4 x | 1.4 x |
| Henkel AG & Co. KGaA Pref           | GERMANY       | 29,281          | 9.0 x     | 8.5 x   | 7.9 x  | 11.7 x  | 10.8 x | 10.0 x | 16.4 x | 15.2 x | 14.2 x | 1.4 x    | 1.4 x | 1.3 x |
| Sika AG                             | SWITZERLAND   | 38,872          | 20.9 x    | 17.6 x  | 15.7 x | 27.3 x  | 22.5 x | 19.6 x | 32.7 x | 27.5 x | 24.1 x | 3.8 x    | 3.4 x | 3.1 x |
| Arkema SA                           | FRANCE        | 7,002           | 5.9 x     | 5.2 x   | 4.5 x  | 9.6 x   | 8.5 x  | 7.3 x  | 10.7 x | 9.5 x  | 8.4 x  | 0.9 x    | 0.9 x | 0.8 x |
| H.B. Fuller Company                 | UNITED STATES | 3,814           | 9.9 x     | 8.8 x   | 8.0 x  | 14.0 x  | 12.2 x | 10.5 x | 19.9 x | 17.1 x | 14.7 x | 1.6 x    | 1.5 x | 1.4 x |
| <b>PEERS Adhesives Producers</b>    |               |                 |           |         |        |         |        |        |        |        |        |          |       |       |
| Average                             |               |                 | 11.4 x    | 10.0 x  | 9.0 x  | 15.7 x  | 13.5 x | 11.9 x | 19.9 x | 17.3 x | 15.4 x | 1.9 x    | 1.8 x | 1.7 x |
| Median                              |               |                 | 9.5 x     | 8.6 x   | 7.9 x  | 12.9 x  | 11.5 x | 10.3 x | 18.2 x | 16.1 x | 14.4 x | 1.5 x    | 1.4 x | 1.4 x |
| SAES Getters S.p.A.                 | ITALY         | 560             | 39.6 x    | 128.6 x | 6.9 x  | nm      | nm     | 8.8 x  | nm     | nm     | 17.5 x | 5.0 x    | 7.1 x | 1.8 x |
| Cembre S.p.A.                       | ITALY         | 578             | 8.7 x     | 7.7 x   | 7.2 x  | 10.8 x  | 9.7 x  | 9.2 x  | 15.0 x | 13.8 x | 13.2 x | 2.6 x    | 2.3 x | 2.1 x |
| LU-VE SpA                           | ITALY         | 448             | 7.6 x     | 6.9 x   | 6.2 x  | 12.7 x  | 11.3 x | 9.9 x  | 14.0 x | 13.1 x | 11.2 x | 1.0 x    | 0.9 x | 0.8 x |
| Aquafil SpA                         | ITALY         | 108             | 5.8 x     | 4.9 x   | 4.7 x  | nm      | nm     | nm     | na     | nm     | nm     | 0.6 x    | 0.6 x | 0.5 x |
| Sabaf S.p.A.                        | ITALY         | 168             | 7.3 x     | 5.0 x   | 4.0 x  | 15.8 x  | 9.0 x  | 6.6 x  | 18.5 x | 10.7 x | 8.3 x  | 1.0 x    | 0.8 x | 0.7 x |
| B&C Speakers S.p.A.                 | ITALY         | 176             | 8.0 x     | 6.9 x   | 6.3 x  | 8.8 x   | 7.5 x  | 6.8 x  | 12.2 x | 10.7 x | 9.9 x  | 2.0 x    | 1.6 x | 1.4 x |
| <b>PEERS Italian Small-Caps</b>     |               |                 |           |         |        |         |        |        |        |        |        |          |       |       |
| Average                             |               |                 | 12.9 x    | 26.7 x  | 5.9 x  | 12.0 x  | 9.4 x  | 8.2 x  | 14.9 x | 12.1 x | 12.0 x | 2.0 x    | 2.2 x | 1.2 x |
| Median                              |               |                 | 7.8 x     | 6.9 x   | 6.3 x  | 11.8 x  | 9.4 x  | 8.8 x  | 14.5 x | 11.9 x | 11.2 x | 1.5 x    | 1.2 x | 1.1 x |

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) | FY23E - FY25E average margins |             |                   |               |                 | CAGR FY22A - FY25E |        |        |        |
|----------------------------------|---------------|-----------------|-------------------------------|-------------|-------------------|---------------|-----------------|--------------------|--------|--------|--------|
|                                  |               |                 | EBITDA Margin                 | EBIT Margin | Net Income Margin | Capex / Sales | Dividend Payout | Sales              | EBITDA | EBIT   | EPS    |
| Industrie Chimiche Forestall     | ITALY         | 37              | 11.2%                         | 7.7%        | 4.5%              | 2.0%          | -66.0%          | 1.4%               | 13.3%  | 17.0%  | 7.8%   |
| <b>PEERS</b>                     |               |                 |                               |             |                   |               |                 |                    |        |        |        |
| Average                          |               |                 | 17.7%                         | 12.5%       | 8.8%              | 5.3%          | 45.3%           | 4.0%               | 5.9%   | 6.7%   | 2.3%   |
| Median                           |               |                 | 16.3%                         | 11.3%       | 7.5%              | 6.4%          | 42.1%           | 3.7%               | 9.1%   | 11.4%  | 9.2%   |
| Henkel AG & Co. KGaA Pref        | GERMANY       | 29,281          | 15.9%                         | 12.4%       | 8.2%              | 3.2%          | 40.5%           | 0.1%               | 5.2%   | 16.4%  | 9.5%   |
| Sika AG                          | SWITZERLAND   | 38,872          | 19.2%                         | 15.1%       | 10.6%             | 2.7%          | 43.8%           | 8.5%               | 10.6%  | 10.5%  | 10.4%  |
| Arkema SA                        | FRANCE        | 7,002           | 16.7%                         | 10.2%       | 6.8%              | 6.4%          | 36.7%           | -3.5%              | -4.6%  | -10.1% | -10.8% |
| H.B. Fuller Company              | UNITED STATES | 3,814           | 17.3%                         | 12.6%       | 6.9%              | 3.4%          | 18.8%           | 1.4%               | 9.7%   | 14.2%  | 8.9%   |
| <b>PEERS Adhesives Producers</b> |               |                 |                               |             |                   |               |                 |                    |        |        |        |
| Average                          |               |                 | 17.3%                         | 12.6%       | 8.1%              | 4.0%          | 34.9%           | 1.6%               | 5.2%   | 7.8%   | 4.5%   |
| Median                           |               |                 | 17.0%                         | 12.5%       | 7.5%              | 3.3%          | 38.6%           | 0.7%               | 7.4%   | 12.4%  | 9.2%   |
| SAES Getters S.p.A.              | ITALY         | 560             | 14.6%                         | 10.1%       | 12.7%             | 7.3%          | 91.1%           | 4.2%               | 8.5%   | 11.4%  | 13.4%  |
| Cembre S.p.A.                    | ITALY         | 578             | 29.7%                         | 23.6%       | 17.4%             | 7.1%          | 58.8%           | 9.9%               | 12.3%  | 12.1%  | 11.6%  |
| LU-VE SpA                        | ITALY         | 448             | 13.0%                         | 8.0%        | 5.2%              | 6.5%          | 26.0%           | 3.2%               | 4.9%   | 7.4%   | 4.2%   |
| Aquafil SpA                      | ITALY         | 108             | 11.3%                         | 2.6%        | 0.0%              | 6.5%          | 55.7%           | -2.2%              | -7.2%  | -19.5% | -47.2% |
| Sabaf S.p.A.                     | ITALY         | 168             | 15.9%                         | 8.7%        | 5.2%              | 7.0%          | 29.4%           | 5.7%               | 9.7%   | 13.5%  | 8.8%   |
| B&C Speakers S.p.A.              | ITALY         | 176             | 23.3%                         | 21.5%       | 15.4%             | 2.6%          | 52.1%           | 12.8%              | 10.3%  | 11.5%  | 13.9%  |
| <b>PEERS Italian Small-Caps</b>  |               |                 |                               |             |                   |               |                 |                    |        |        |        |
| Average                          |               |                 | 18.0%                         | 12.4%       | 9.3%              | 6.2%          | 52.2%           | 5.6%               | 6.4%   | 6.1%   | 0.8%   |
| Median                           |               |                 | 15.2%                         | 9.4%        | 9.0%              | 6.8%          | 53.9%           | 5.0%               | 9.1%   | 11.4%  | 10.2%  |

Source: Alantra estimates and Factset

## Performance

ICF's price underperformed vs adhesives producers over the last 12 months

| Company                      | Country       | Mkt Cap<br>(Eu mn) | Performance |        |        |        |        |        |
|------------------------------|---------------|--------------------|-------------|--------|--------|--------|--------|--------|
|                              |               |                    | 1M          | 3M     | 6M     | 1YR    | 3YR    | 5YR    |
| Industrie Chimiche Forestali | ITALY         | 37                 | -3.8%       | -6.4%  | -13.6% | -3.0%  | 0.0%   | -41.4% |
| PEERS                        | Average       |                    | 3.3%        | -5.2%  | -3.1%  | -0.1%  | 24.4%  | 33.9%  |
|                              | Median        |                    | 3.8%        | -1.3%  | 1.5%   | 1.4%   | 24.6%  | 50.2%  |
| Henkel AG & Co. KGaA Pref    | GERMANY       | 29,281             | 8.1%        | 1.5%   | -4.1%  | 7.5%   | -20.3% | -25.9% |
| Sika AG                      | SWITZERLAND   | 38,872             | -0.6%       | -10.8% | -6.7%  | -7.7%  | -0.2%  | 81.7%  |
| Arkema SA                    | FRANCE        | 7,002              | 4.8%        | -4.1%  | 7.2%   | 1.8%   | 4.1%   | 0.4%   |
| H.B. Fuller Company          | UNITED STATES | 3,814              | 8.7%        | 7.8%   | 17.1%  | 0.9%   | 48.7%  | 66.3%  |
| PEERS Adhesives Producers    | Average       |                    | 5.3%        | -1.4%  | 3.4%   | 0.6%   | 8.1%   | 30.6%  |
|                              | Median        |                    | 6.4%        | -1.3%  | 1.5%   | 1.4%   | 2.0%   | 33.3%  |
| SAES Getters S.p.A.          | ITALY         | 560                | -4.3%       | 14.4%  | 16.8%  | 43.1%  | 53.0%  | 73.3%  |
| Cembre S.p.A.                | ITALY         | 578                | 4.9%        | 1.8%   | 13.0%  | 21.4%  | 81.8%  | 62.3%  |
| LU-VE SpA                    | ITALY         | 448                | -3.6%       | -27.5% | -32.9% | -15.0% | 43.9%  | 109.5% |
| Aquafil SpA                  | ITALY         | 108                | 12.0%       | -24.1% | -42.6% | -58.8% | -30.6% | -73.5% |
| Sabaf S.p.A.                 | ITALY         | 168                | 2.8%        | -18.2% | -9.4%  | -23.1% | 5.4%   | 6.3%   |
| B&C Speakers S.p.A.          | ITALY         | 176                | 0.0%        | 7.7%   | 10.3%  | 28.5%  | 58.4%  | 38.2%  |
| PEERS Italian Small-Caps     | Average       |                    | 2.0%        | -7.6%  | -7.5%  | -0.6%  | 35.3%  | 36.0%  |
|                              | Median        |                    | 1.4%        | -8.2%  | 0.5%   | 3.2%   | 48.5%  | 50.2%  |

Source: Alantra estimates and Factset

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