

We are invisible!
But we are everywhere!

Industrie Chimiche Forestali S.p.A.
Investor presentation

October 2022

**INDUSTRIE
CHIMICHE
FORESTALI**

SINCE 1918

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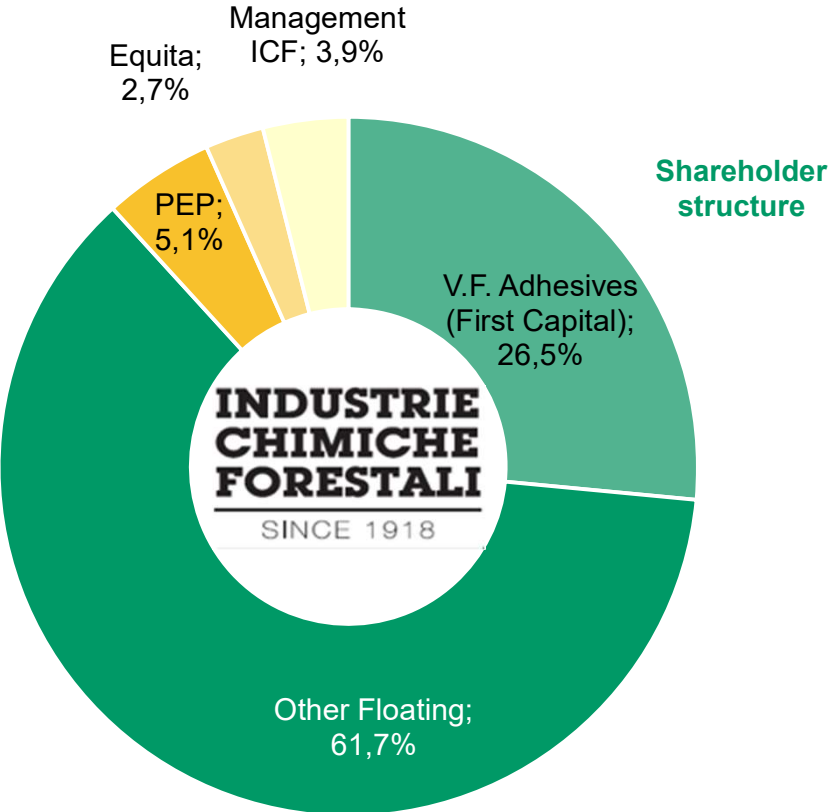
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Industrie Chimiche Forestali

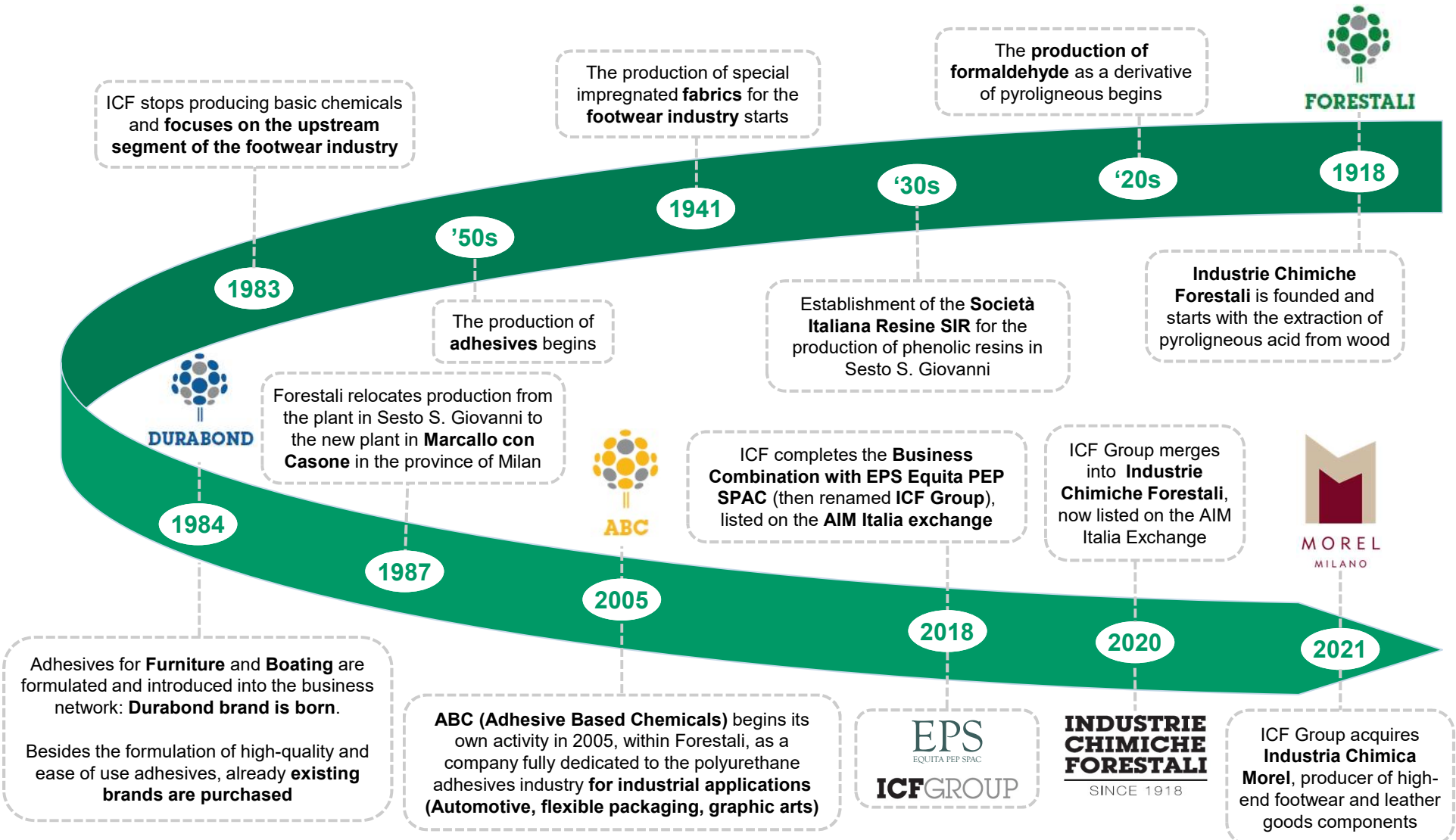
ICF is a leading player in the technical adhesive and fabric business with the **mission** to pursue organic expansion of its operations while acting as an aggregator of companies operating in complementary businesses exploiting the robust Free Cash Flow generation

Why invest in Industrie Chimiche Forestali



- 1 A **public company**. The market is the dominant shareholder
- 2 More than **100 years of history** in the chemical industry
- 3 **Leading player in Technical Adhesive niche** with expertise in adhesives and technical fabrics for the Footwear, Leather Goods, Automotive, Packaging and Upholstery sectors
- 4 **Export oriented**
- 5 Substantial **Free Cash Flow generation**
- 6 Strong focus on **sustainability and environmental issues**

Industrie Chimiche Forestali: a 100-year History



The «Invisible Power»

Footwear & Leather Goods






FORESTALI

Adhesives:

- Solvent-based
- Solvent-free
- Water-based

Technical fabrics:

- Toe-puff, counters / stiffeners
- Linings and reinforcing

Technical fabric is used in the toe puffs and counters of the shoe. **Adhesive** is used to put together mainly uppers, insoles and sole units

Technical fabric goes to reinforce the handle, bottom and sides of the bag. **Adhesive** is used to glue the linings

Adhesive is used to glue different components of the upholstery

The «Invisible Power»

Adhesives have a **negligible impact** on cost of production of the final article...



Automotive



ABC





Adhesives:

- Solvent-based
- Solvent-free
- Water-based

The layers of the headliner in a vehicle. It can be applied to light vehicles (passenger and commercial)

Adhesives are used to glue

The layers of films comprising the package for various applications (food and non-food)

The plastic cover of magazines and periodicals

The pins used in the staplers and similar objects

...But a **relevant impact on the performance**. A low quality adhesive can lead to serious issues and costs (e.g. destroyed shoes or stained car roof)

Packaging



ABC

Product quality, customized solutions and reliability are key drivers to serve clients

Industrie Chimiche Forestali: a Leading Player in the Technical Adhesive World

Core activity Manufacturing of **adhesives and technical fabrics**

End market Footwear
Leather Goods
Automotive
Packaging
Upholstery

Key products **Adhesives** (water-based, solvent-free, solvent-based)
Technical Fabrics (impregnated, coextruded)

HQs **Marcallo con Casone, Milan (Italy)**

ICF in numbers⁽¹⁾

Revenues 2021	EBITDA 2021	EBITDA Margin 2021	NFP 2021
€75.7m	€5.2m	6.9% Avg. last 3 years 10.4%	€7.4m 1.4x leverage on 2021 EBITDA

140⁽¹⁾
employees

More than
1,800
products

18,400
Tons
Adhesive/
Year

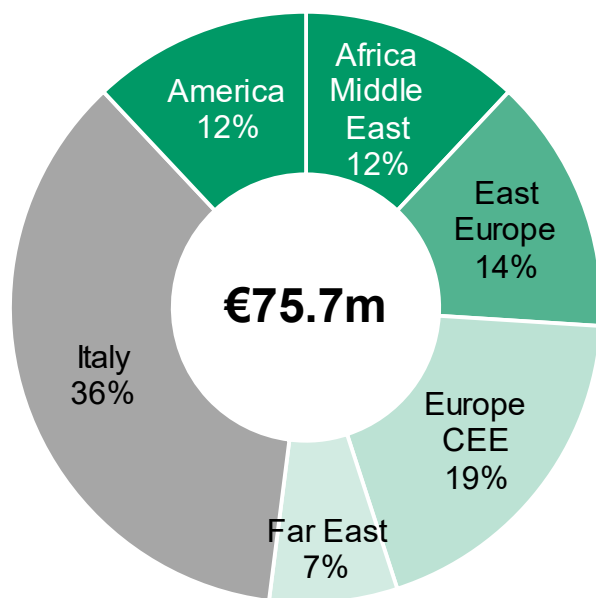
2.3
million
meters of
technical
fabrics

- **22** R&D employees
- **65,000** sqm. plant
- **3** labs
- **27** new products per month
- More than **800** industrial clients

A Balanced Portfolio with a Global Exposure

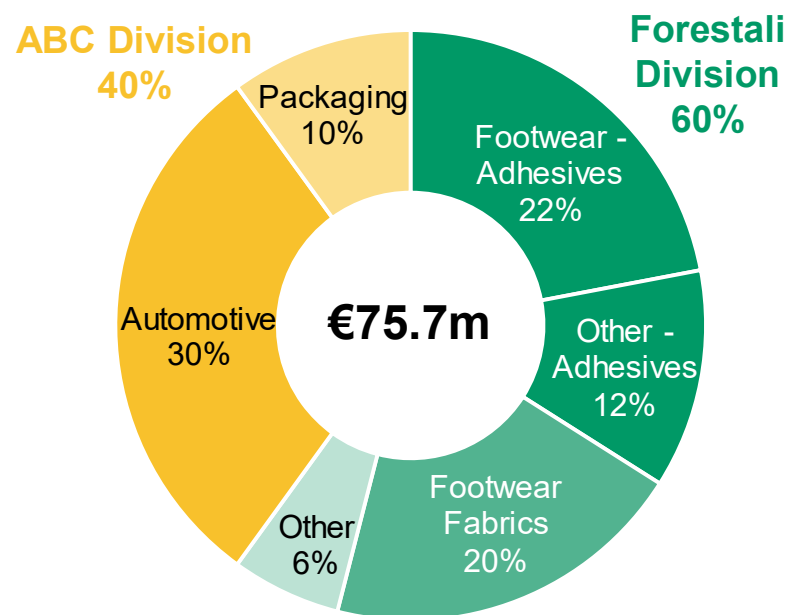
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

Geographic Area



Export makes up for c. **64%** of revenues for 2021

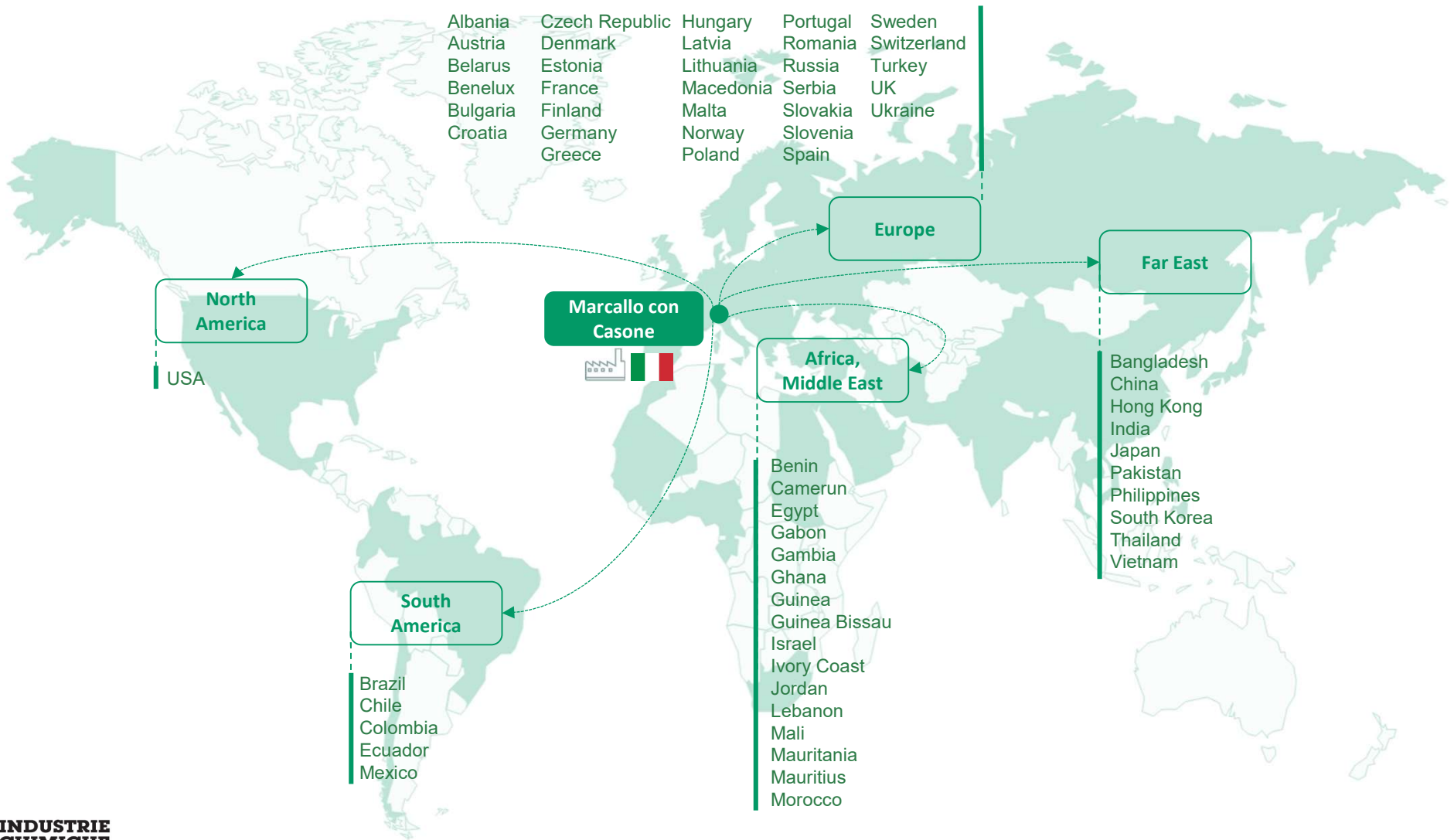
Business Line



Forestali manufactures both **adhesives** (c. 34%) and **fabrics** (c. 20%), while **ABC** manufactures adhesives only

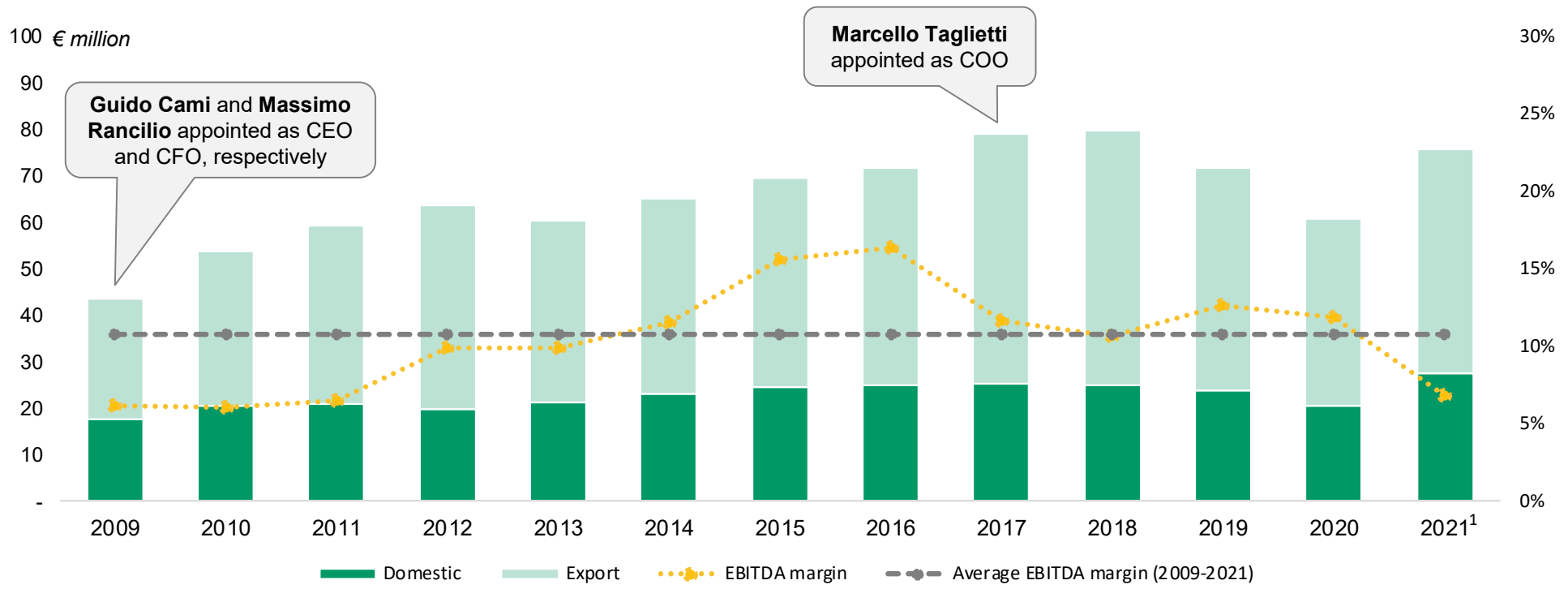
From Italy to the rest of the world

From the headquarter of Marcallo con Casone ICF reaches 80 countries all over the world

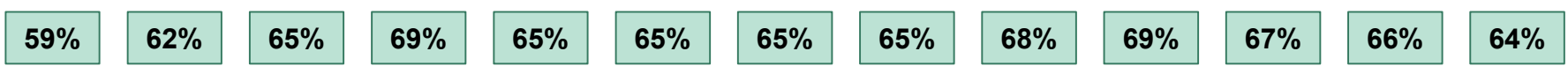


Expansion mainly based on Export

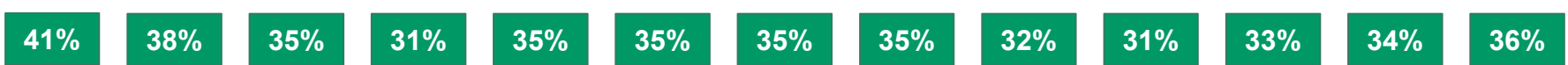
In the last 13 years Top Line doubled, export sales exceeded 60% with an average EBITDA margin >10%



Export (% on revenues)

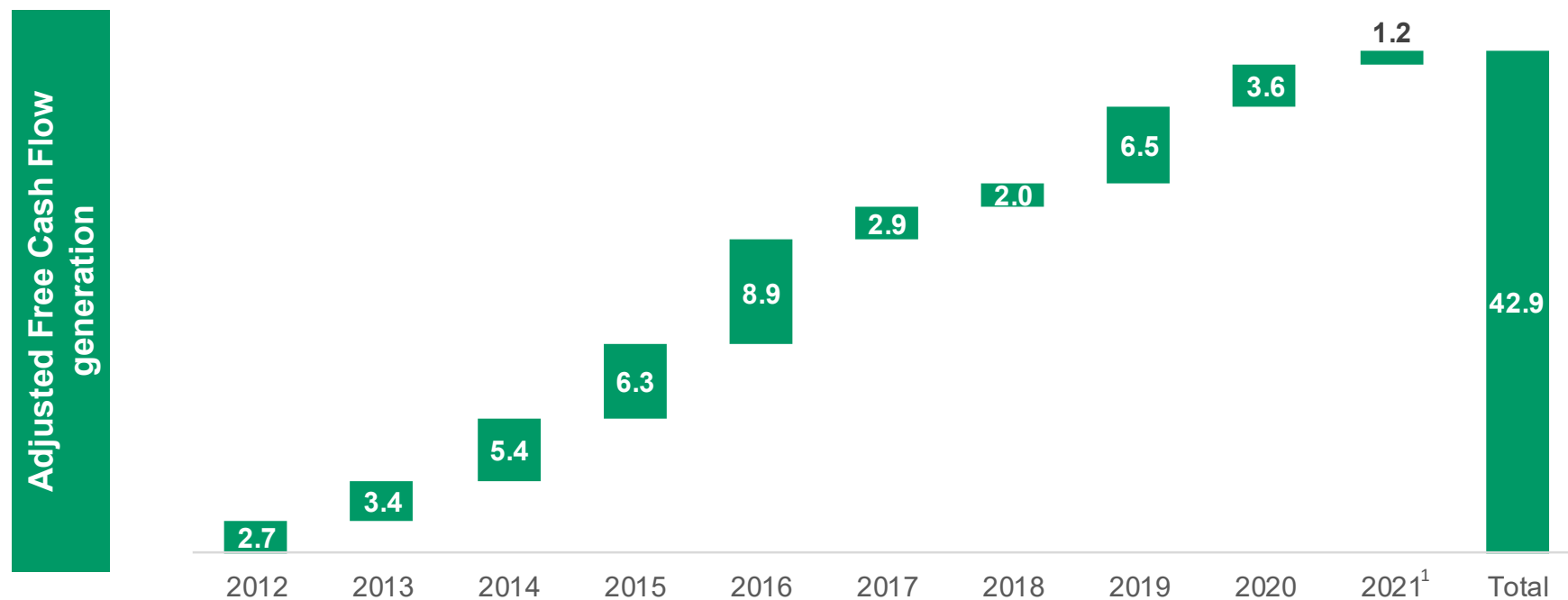


Domestic (% on revenues)



Material Free Cash Flow Generation

Cumulative Free Cash Flow Generation above €42.9 over the last 10 years



Comment

Over the last 10 years, **ICF generated a cumulated Free Cash Flow of €42.9m**, which was used also to sustain an extraordinary capex of €13m in 2013, a €21m re-leverage in 2016, €5.0m of buy-back from May 2019, €1.0m of extraordinary capex in 2020, €1.0m of dividend in 2021 and €2.0m of extraordinary costs related to the acquisition of Morel

ICF's major achievements since its listing in 2018

€14m of Free Cash Flow generation* destined to deleverage, cash to shareholders, M&A and extra investments:

1

€5m of shares buy-back completed from May 2019 to January 2022. Around 850k shares bought**
€1.0m distributed in dividends in 2021***

2

€2m invested in the expansion through the acquisition of MOREL business branch

3

€1.0m invested in a real estate asset acquisition

4

€5m of deleverage despite the use of cash listed above

FY 2021 financial highlights ICF

Diversification supporting **top line growth**. Back to double digit margin area in Q2.

€m	Q1 2021	Q1 2022	Q2 2021	Q2 2022	1H2021	1H2022
1 Revenues	18.4	21.0	19.1	24.0	37.5	45.0
YoY growth %		14.1		25.7		20.0
2 EBITDA	1.9	1.2	1.4	2.3	3.3	3.5
Margin (%)	6.8%	<u>5.7%</u>	7.3%	<u>9.6%</u>	8.8%	7.8%
3 Net Debt	2.1	9.3	3.4	12.1	3.4	12.1

- 1 In 1H22 ICF recorded € 45m in revenues, **growing by 20%**. All segments excluding automotive contributed to the positive performance. The growth was mainly supported by increase in prices to tackle inflation. The best performing applications were the technical sportive shoes, luxury shoes and leather goods. Morel contributed with € 4.4m. **Sales accelerated in 2Q22 with +26%** vs 1Q22 at +14% y/y.
- 2 Despite high inflation in raw materials and utilities EBITDA grew by 7.1%. EBITDA margin was 7.9% accelerating during the semester **improving from 5.7% in 1Q22 to 9.6%** in 2Q22 and therefore going **back to the double-digit area**.
- 3 Net debt grew to € 12.1m driven by € 6.8m increase in Net Working Capital reflecting the growth in sales and the investment in inventories to mitigate the difficulties in the supply chain. Non-operating cash out were € 1.6m of which € 1.3m returned to shareholders (€1m in dividends and € 0.3m in buy-back) and € 0.3m for the completion of Morel acquisition

Acquisition of MOREL

In July 2021, ICF completed the acquisition of the company branch of MOREL, historical Italian brand, leader in components (toe-puffs and counters) for high-end footwear and leather goods



MOREL
MILANO

MOREL, founded in 1926 in Milan, designs and manufactures **toe-puffs and counters** for the footwear and leather goods market, with particular focus on **the luxury segment**. The brand has acquired a position of absolute relevance in its reference market, becoming a synonymous of high quality "Made in Italy".

The company is particularly focused on **sustainability**. MOREL uses mostly compostable or recycled raw materials, optimizes its energy consumption by using only energy from renewable resources and has reduced its environmental impact by cutting its emission to a level 20x below the law requirements.

In 2H21, MOREL's revenues were € 2.8m and in 1H22 they grew to € 4.4m



Transaction Rationale and Evolution

1. ICF **strengthened** its presence in the **luxury** footwear and leather goods market
2. The Group is benefiting from **client cross-fertilization** by creating commercial synergies thanks to the complementarity of products and customer base
3. Cost and operational **synergies** allowed MOREL operations to contribute with margins at least in line with rest of the Group's ones



Sustainability at ICF – www.investors.forestali.it/sostenibilita

Sustainability and social and environmental issues have been part of ICF’s culture ever since 1998, when we joined the “Responsible Care” program, promoting the Sustainable Development of the Chemical Industry worldwide according to values and behavior oriented towards health, safety and the environment. Moreover, to be even more accountable, we redact a **Sustainability Report**, in line with Global Reporting Initiative standard

ICF’s commitment to ESG aspects



Products: we offer to our clients **increasingly eco-friendly products** by replacing hazardous substances present in their formulation and developing eco-friendly and **low Volatile Organic Compound** adhesives



People: we strongly believe in the **value of our people** to whom we guarantee the opportunity of a qualified job and on which we invest to enhance their talents



Safety: we operate with respect for the safety not only of our employees but also of our customers and the surrounding population. Properly trained personnel and the development of processes and plants with high standards of **quality and safety are the prerequisite that we put before any other consideration of economic opportunity**



Quality: together with the preservation of the environment and safety, **quality is an inseparable aspect of our entrepreneurial activity**, which is also reflected in the maintenance and continuous improvement of Management System **certifications**, some of which were obtained more than twenty years ago and have therefore become a common working

At Industrie Chimiche Forestali, the integration of economic, environmental and social sustainability into our business has been for years among our core priorities and thanks to that we have been able to build a competitive advantage, recognized by the market in our competitiveness as well as our dynamicity and flexibility

ESG – Environment

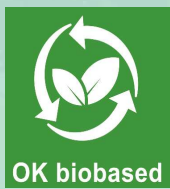
ICF's commitment towards environmental issues goes **beyond system certifications** and includes its daily operations, its supply chain and its overall impact on the environment. The Company is in fact compliant with system certifications such as:

UNI EN ISO 9001 UNI ISO 45001 EMAS
UNI EN ISO 14001 IATF 16949 Modello 231

Environmental

- Compliance with the **European REACH regulation**⁽¹⁾
- **Water-based and solvent-free adhesives >50% of production**
- **CO, NOX and VOC emissions reduction**
- **Recycling** campaign for **paper, cardboard and plastic**
- 20% of the textile production compliant to **Global Recycle Standard** after just one year from certification adoption
- The **PHOTOVOLTAIC SYSTEM** recently installed (with an investment of around 400,000 euros) in 2023 will produce about 1/3 of ICF required demand, which in total is about 4.5 mln KW

Product specific certifications










ESG – Social and Governance – www.investors.forestali.it

Governance

ICF **governance** model is **investor friendly** and quite **unique** among companies of similar size listed on the AIM segment of Borsa Italiana:

- ICF is a public company with the market being the dominant shareholder
- The BoD is composed of 7 members, of which **2 qualify as independent directors** (Mrs. Balzano and Mr. Rettani)
- **The interests of ICF top management are aligned with those of the shareholders:** 12 ICF managers, including the CEO Guido Cami, hold 3.6% of the Company’s share capital

ICF Board of Directors

 Guido Cami	 Giuliano Tomassi Marinangeli
 Giovanni Campolo	 Marina Balzano
 Stefano Lustig	 Roberto Rettani
 Vincenzo Polidoro	

Independent

43% of AIM listed companies featured **2 or more independent directors** in 2019

Social impact

ICF supports the community by sponsoring local organizations:

- Bambini delle Fate
- Marcallo con Casone local sport team
- Mesero oratory
- Valcaselle *tamburello* team
- Alatha
- Magenta’s hospital

Best practices

- Environmental Report (every 3 years)
- **Sustainability report** in line with Global Reporting Initiative standards



ENVIRONMENTAL REPORT 2018 - 2020

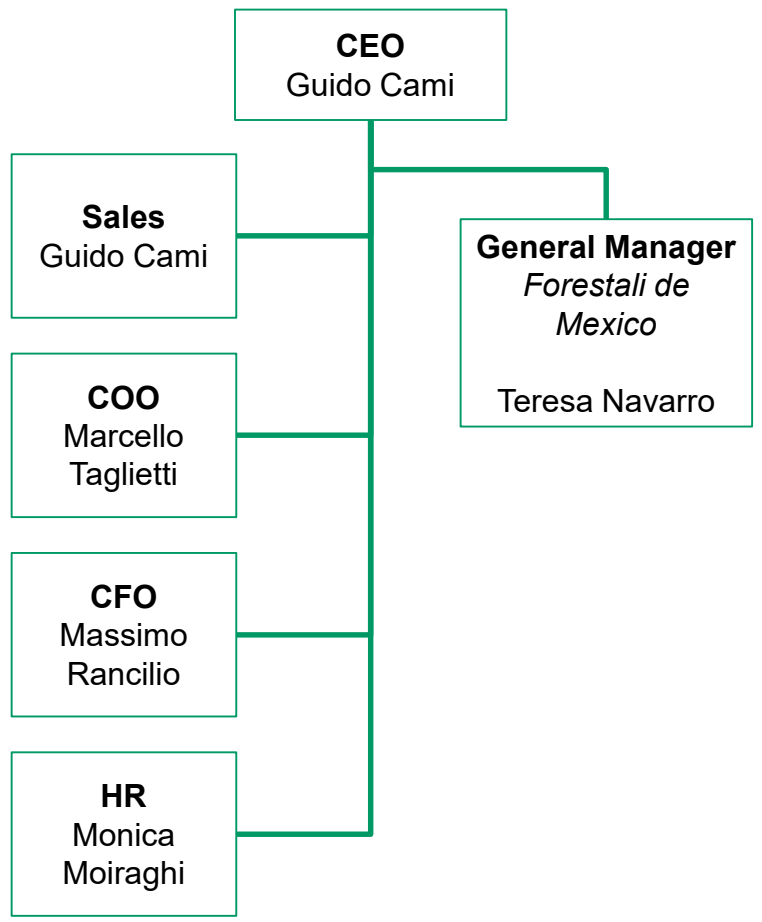
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Awards



Organizational Structure and Key Management

Organizational structure with 140⁽¹⁾ people coordinated by...



...an experienced management



Guido Cami *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- Vice Chairman of the Adhesive and Sealant division of AVISA
- Chairman in FEICA (European Adhesives and Sealant Association)
- 30+ years of experience in industrial companies (Pirelli, Manifattura di Legnano, Vibram, Pechiney, Crespi, Forestali)
- Expertise: Production, Logistics, Operations, R&D, Commercial, Managing Direction
- 13 years in Forestali as CEO



Marcello Taglietti *Chief Operating Officer*

- 30 years of experience in the Operations function (Ashland Chemicals, Air Products and Chemicals, KMG Chemicals)
- 5 years in Forestali



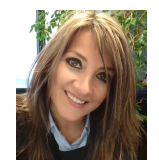
Massimo Rancilio *Chief Financial Officer*

- 21 years of experience in the Finance function (Oracle, Accenture, Hexon Specialty Chemicals, MPG Plast)
- 13 years in Forestali



Monica Moiraghi *Human Resources*

- 30 years of experience in the HR function
- 21+ years in Forestali



Teresa Navarro *General Manager*

- General Manager at Forestali de Mexico
- 22+ years in Forestali de Mexico

Note: (1) As of 31/12/2021

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Appendix

FY 2021 ICF financial highlights

Income Statement (€m)	2020	2021
Revenues	60.6	75.7
YoY growth (%)	-15.4%	24.9%
Gross margin	24.0	23.2
margin (%)	39.6%	30.7%
EBITDA	7.1	5.2
margin (%)	11.8%	6.9%
Net Income	2.2	2.3
margin (%)	3.7%	3.0%
Adjusted Net Income	3.3	2.2
margin (%)	5.5%	2.9%
Balance Sheet (€m)	2020	2021
Trade Working Capital	15.0	17.6
Net Debt	3.2	7.4
Net Debt/EBITDA	0.5x	1.4x
Cash Flow Statement (€m)	2020	2021
Free Cash Flow	1.2	(4.1)
Adjusted Free Cash Flow	3.6	1.2
cash conversion (%)	50.1%	22.4%
Other	2020	2021
Outstanding shares (m)	7.2	6.8*
o.w. Treasury shares (m)	0.1	0.0
Dividend per share (€)	0.14	0.14

Note: (*) As of April 2022 and net of shares cancelled in February 2022. As of 31 December 2021, outstanding shares were 7,4m and treasury shares were 0,5m;

1H22 ICF financial highlights

The diversification of the operating activities allows ICF to grow despite adverse conditions

Ability to defend margins with an acceleration to double digit area in Q2

INCOME STATEMENT (€ MN)	1H 2022	1H 2021	Var.
Revenues	44.9	37.4	20.0%
EBITDA	3.5	3.3	7.1%
Ebitda Margin	7.9%	8.8%	
Technical depreciation	-1.3	-1.2	
Intangible depreciation	0.9	-1.0	
Accruals and depreciation	0.6	-0.1	
EBIT reported	1.2	1.1	
Ebit Margin	2.8%	2.9%	
Adjusted EBIT	2.2	2.1	7.3%
Adjusted EBIT Margin	5.0%	5.6%	10.6%
Reported net financial charges	0.6	-1.0	
Net financial charges adjusted	-0.1	-0.1	
Net Income	1.5	6.2	
Adjusted Net Income	1.7	1.6	3.9%
BALANCE SHEET (€ MN)	1H22	FY21	
Net Financial Debt	12.1	7.4	

INDUSTRIE CHIMICHE FORESTALI

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