

We are invisible!
But we are everywhere!

Industrie Chimiche Forestali S.p.A.
Investor presentation

February 2022

**INDUSTRIE
CHIMICHE
FORESTALI**

SINCE 1918

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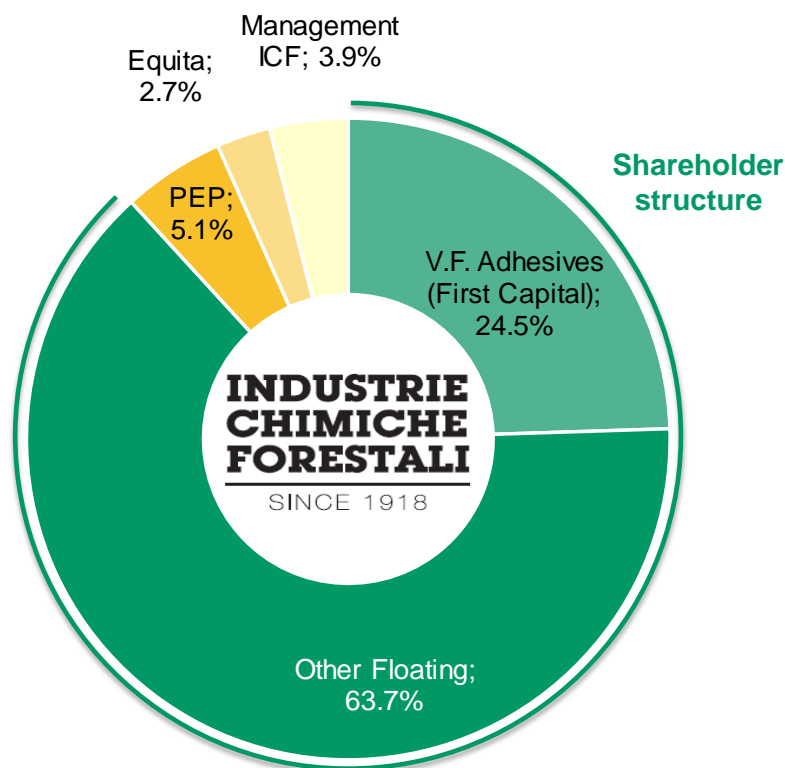
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Industrie Chimiche Forestali

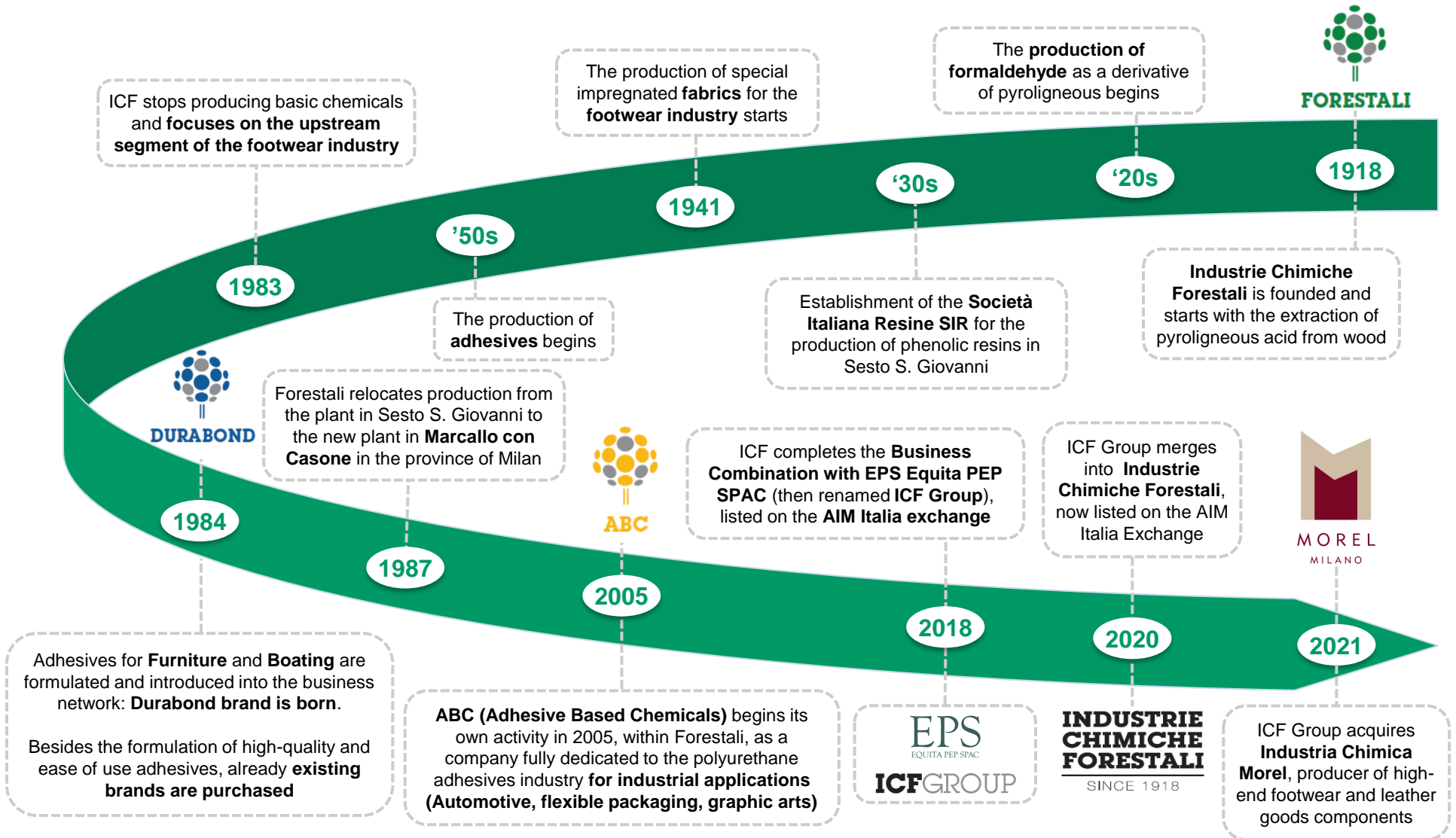
ICF is a leading player in the technical adhesive and fabric business with the **mission** to pursue organic expansion of its operations while acting as an aggregator of companies operating in complementary businesses exploiting the robust Free Cash Flow generation

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



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)

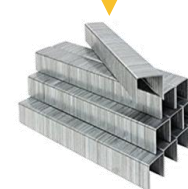
Adhesives are used to glue



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



The plastic cover of magazines and periodicals

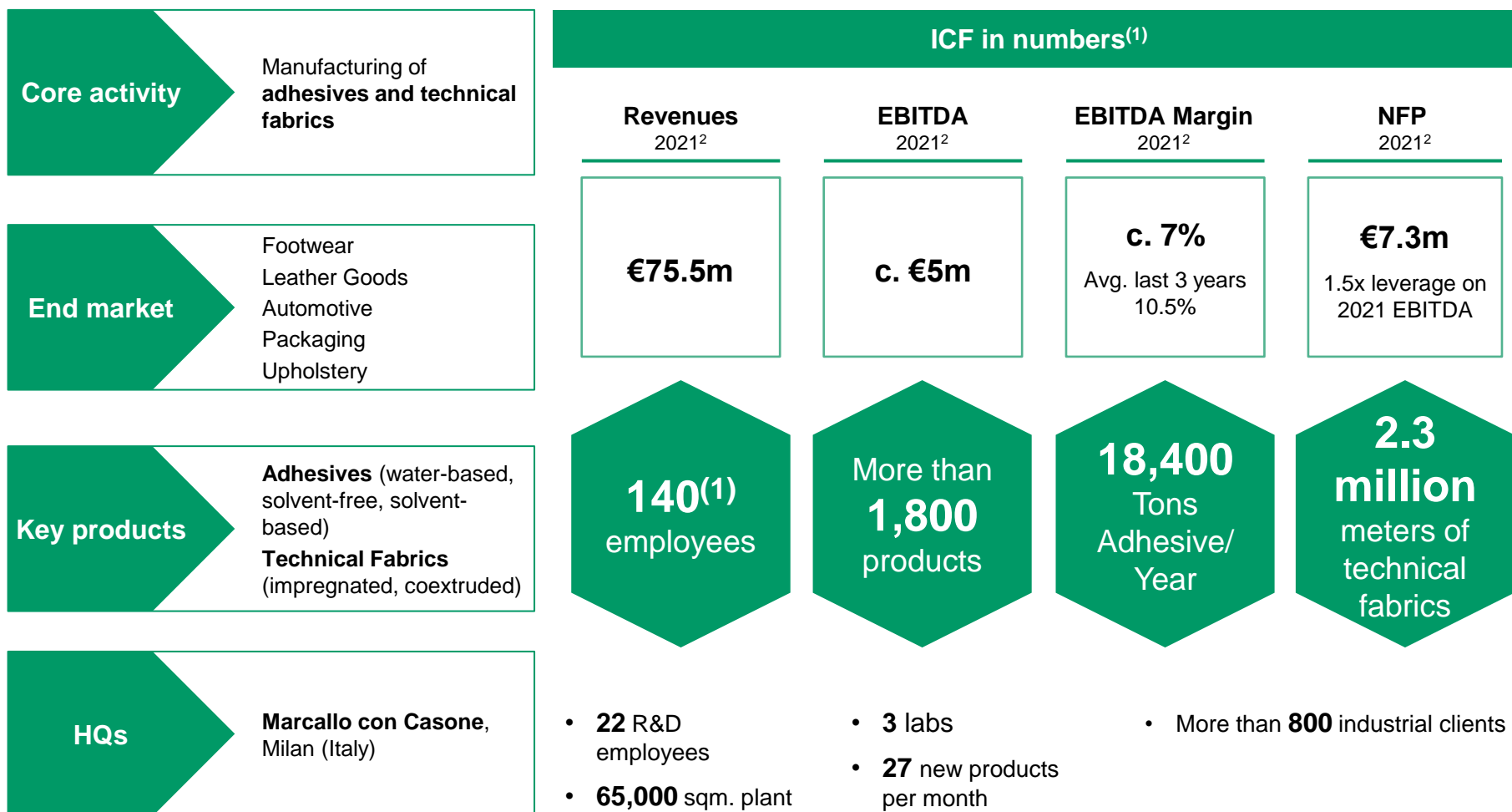


The pins used in the staplers and similar objects

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

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

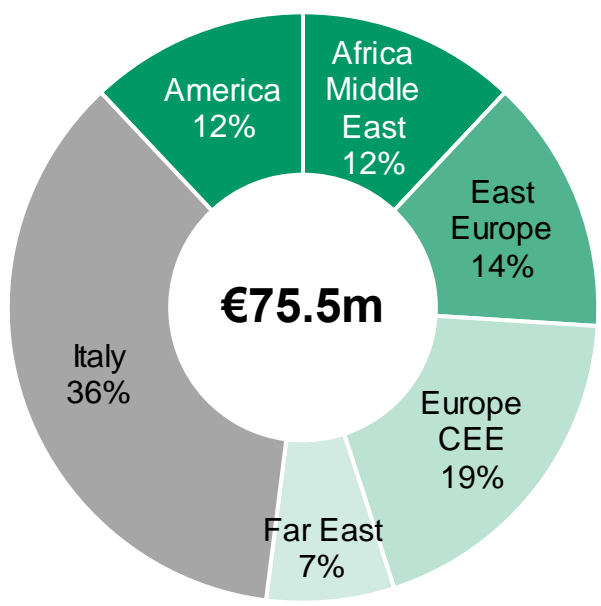
Industrie Chimiche Forestali: a Leading Player in the Technical Adhesive World



A Balanced Portfolio with a Global Exposure

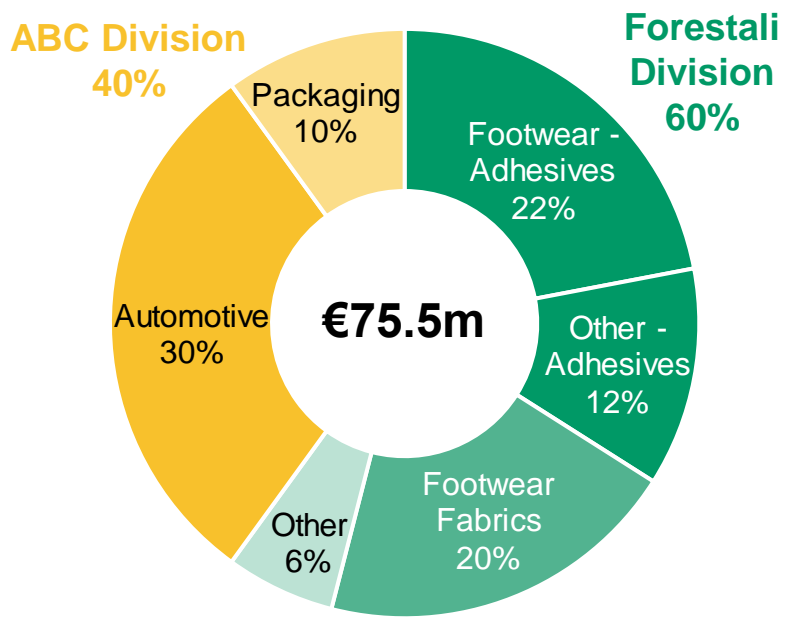
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

Geographic Area



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

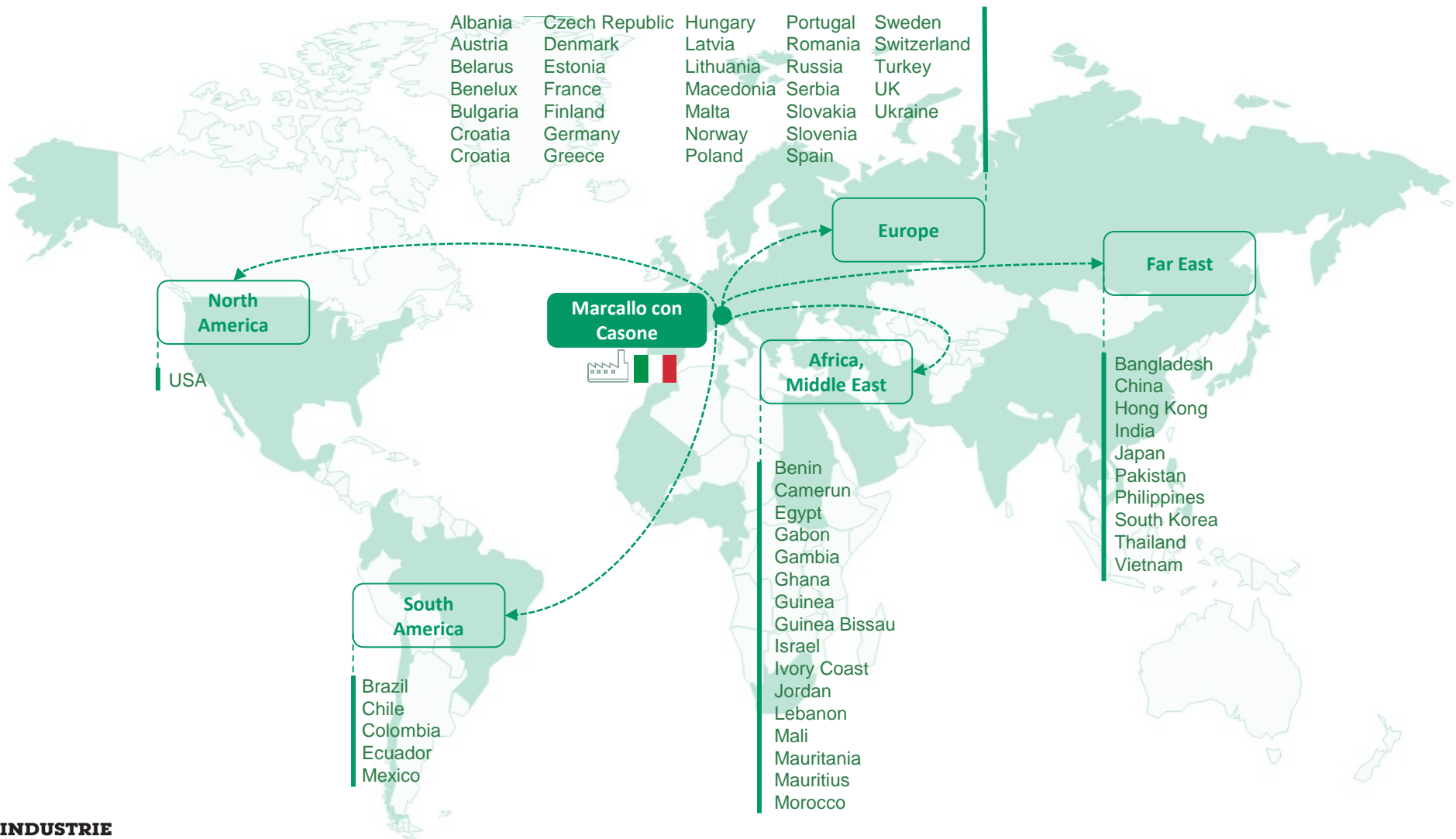
Business Line



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

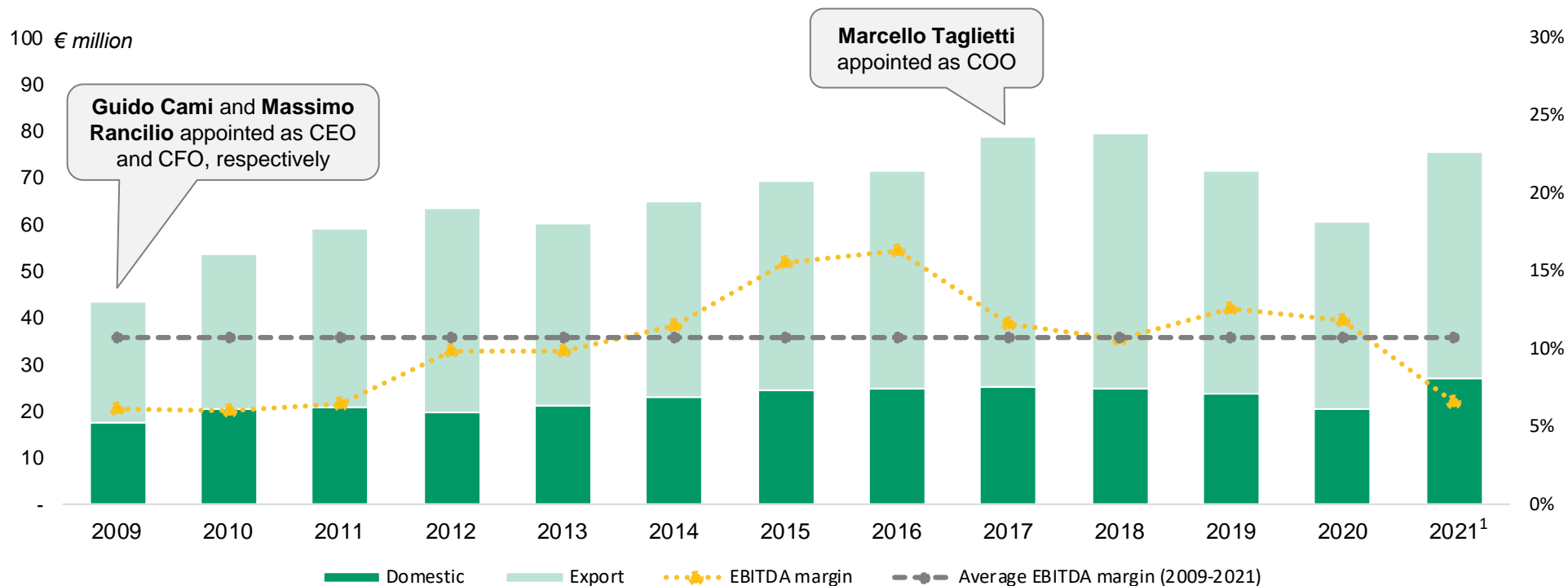
From Italy to the rest of the world

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

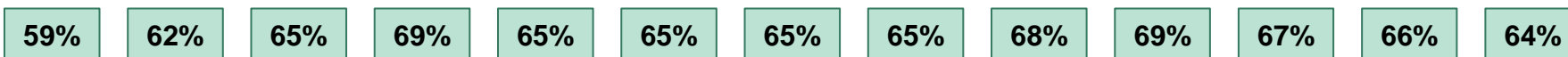


Expansion mainly based on Export

ICF quickly recovered from the drop in sales of 2020, reporting revenues of €75.7m, higher than in 2019 as well. In 2021, export accounted for c. 64% of total revenues, confirming the historical breakdown of revenues



Export (% on revenues)

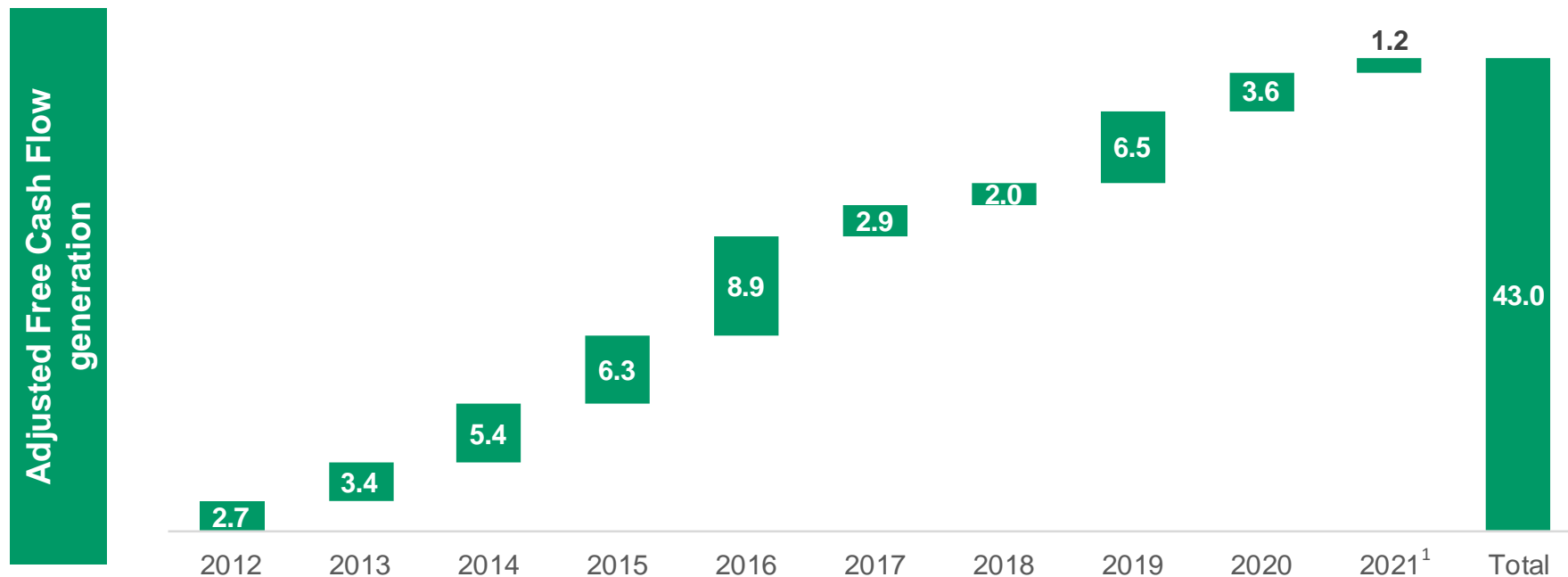


Domestic (% on revenues)



Material Free Cash Flow Generation

Cumulative Free Cash Flow Generation above €43.0 over the last 10 years



Comment

Over the last 10 years, **ICF generated a cumulated Free Cash Flow of €43.0m**, 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 absorbed by 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

€m	H1 2020	H1 2021	H2 2020	H2 2021	FY 2020	FY 2021 ¹
1 Revenues	28.6	37.4	32.0	38.1	60.6	75.5
2 EBITDA	3.0	3.3	4.1	1.7	7.1	5.0
Margin (%)	10.5%	8.8%	12.8%	4.5%	11.7%	6.6%
3 Net Debt	9.0	3.4	3.2	7.3	3.2	7.3

- 1** In FY 2021, ICF recorded around €75.5m in **revenues, growing 24.6%** above FY 2020. In the second semester, the Automotive Industry was subjected to a strong slowdown (-30%), but new business opportunities in ICF's other core sectors had been pursued. Moreover, MOREL, acquired in July 2021, had a + €2.8m contribution on revenues
- 2** **EBITDA** decreased to around €5m from €7.1m in FY 2020, while the EBITDA margin decreased from 11% in 2020 to approximately 7% in 2021. The slow down was almost entirely attributable to the steep increase of raw materials' cost, not completely transferred still to clients. In addition, in October 2021, electricity and gas costs dramatically rose by +60% and +300%, respectively
- 3** **Net debt** increased by €4.1m over 2021, reaching €7.3m; this value includes the cash-outs of €2.3m for the buy-back of shares, c. €1.0m of dividends and €2m to acquire MOREL. The **actual Free Cash Flow generation was around €1.2m**

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 2020, MOREL's **revenues** decreased from €7m in 2019 to €5m. **Exports** accounted for 50%.

Transaction Rationale

1. ICF **strengthen** its presence in the **luxury** footwear and leather goods market
2. The Group will benefit from **client cross-fertilization** by creating commercial synergies thanks to the complementarity of products and customer base
3. Cost and operational **synergies** will allow MOREL operations to achieve double-digits EBITDA margins in the short term once incorporating the business within ICF organization

Transaction details

ICF agreed upon a **price of €3.4m¹** to be paid in 3 tranches by March 2022. The Transaction, was executed on July 1, 2021 and the business was fully integrated in few weeks.



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 write 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 dynamism 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 the ISO 9001, the ISO 14001, the OHSAS 18001, the EMAS, the IATF 16949 and the Modello 231

2020 vs. 2017

5,337 t



-59%

2,178 t

CO, NOx and VOC
emissions

43,249 GJ



-24%

32,683 GJ

Consumption of
natural gas,
electricity and fuel

3,203 t



-25%

2,408 t

CO₂ emissions

Environmental

- Compliance with the **European REACH regulation**⁽¹⁾
- Increase in the production of **water-based and solvent-free adhesives** (50% of total production) and reduction of solvent-based
- **Carbon Foot Print reduction** on CO₂ emissions to optimize energy consumption
- **Recycling of the process wash water**
- **Recycling campaign for paper, cardboard and plastic**

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



Giovanni Campolo



Stefano Lustig



Vincenzo Polidoro



Giuliano Tomassi Marinangeli



Marina Balzano



Roberto Rettani

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

INDUSTRIE CHIMICHE FORESTALI S.p.A.
www.industriechimicheforestali.it

Awards

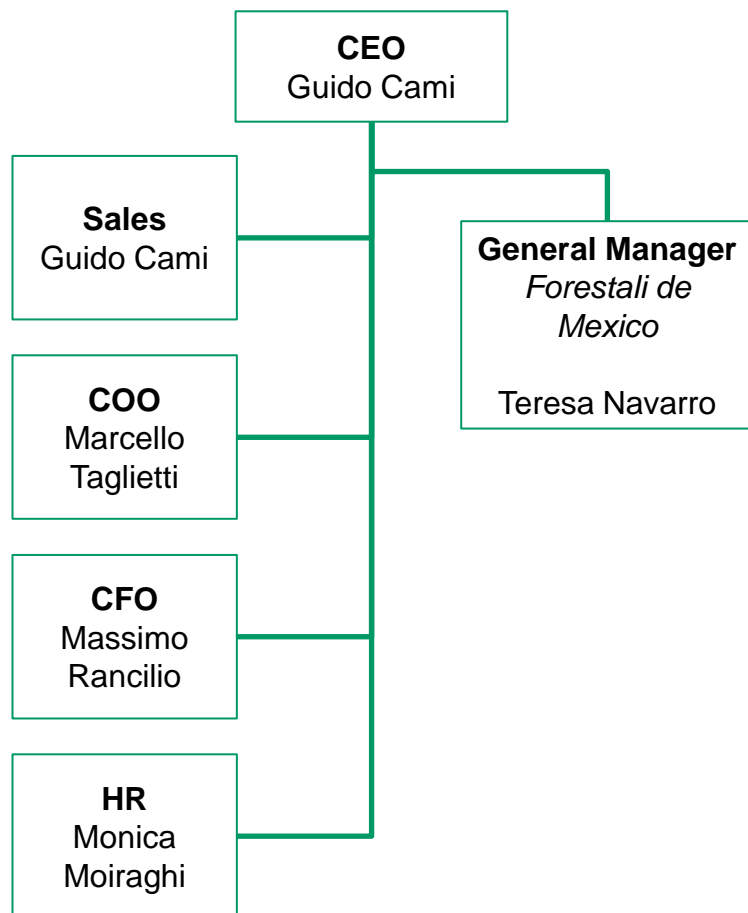


Winner of:

AIM ESG
AIM Investor
Day 2018

Organizational Structure and Key Management

Organizational structure with 140¹⁾ people coordinated by...



...an experienced management



Guido Cami *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- 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
- 12 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)
- 4 years in Forestali



Massimo Rancilio *Chief Financial Officer*

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



Monica Moiraghi *Human Resources*

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



Teresa Navarro *General Manager*

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

Appendix

Appendix - 2020 financial highlights ICF

Income Statement (€m)		2019	2020
1	Revenues	71.7	60.6
	<i>YoY growth (%)</i>	-9.5%	-15.4%
	Gross margin	26.8	24.0
	<i>margin (%)</i>	37.3%	39.6%
2	EBITDA	9.1	7.1
3	<i>margin (%)</i>	12.6%	11.8%
	Net Income	3.5	2.2
	<i>margin (%)</i>	4.8%	3.7%
4	Adjusted Net Income	4.5	3.3
	<i>margin (%)</i>	6.3%	5.5%
Balance Sheet (€m)		2019	2020
	Trade Working Capital	14.4	15.0
5	Net Debt	4.4	3.2
	<i>Net Debt/EBITDA</i>	0.5x	0.5x
Cash Flow Statement (€m)		2019	2020
	Free Cash Flow	5.3	1.2
6	Adjusted Free Cash Flow	6.5	3.6
	<i>cash conversion (%)</i>	72.1%	50.1%
Other		2019	2020
7	Outstanding shares (m)	7.5	7.2
	o.w. Treasury shares (m)	0.2	0.1
8	Dividend per share (€)	-	0.14

- 1** In 2020, ICF recorded €60.6m of revenues. Volumes decreased by -20% in the automotive business, -12% in the manufacturing and -10% in the packaging
- 2** EBITDA decreased to €7.1m. The decline was **almost entirely attributable to Q2** and more specifically to the collapse in sales in April and May when most of the clients were closed due to the lockdown
- 3** EBITDA margin confirmed at double digit level (11.8%) also thanks to management actions for efficiency enhancement
- 4** In 2020, ICF reported €3.3m of Net Income adjusted mainly for PPA amortization and one-off financial costs and fiscal benefits
- 5 6** Net debt decreased by €1.2m. The actual Free Cash Flow generation was €3.6m once considering around €1.4m of buy-back and an extra investment in a building (c. €1.0m) once rented
- 7** As of December 2020, ICF held 115,900 treasury shares, corresponding to 1.6% of the outstanding capital
- 8** The Board proposed a €0.14 dividend per share

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***Please visit www.forestali.it/#ambiente to download your
copy of ICF Environmental or Sustainability Report!***