

**We are invisible!**  
**But we are everywhere!**

# **Industrie Chimiche Forestali S.p.A.**

## **Investor presentation**

September 2020

**INDUSTRIE  
CHIMICHE  
FORESTALI**

SINCE 1918

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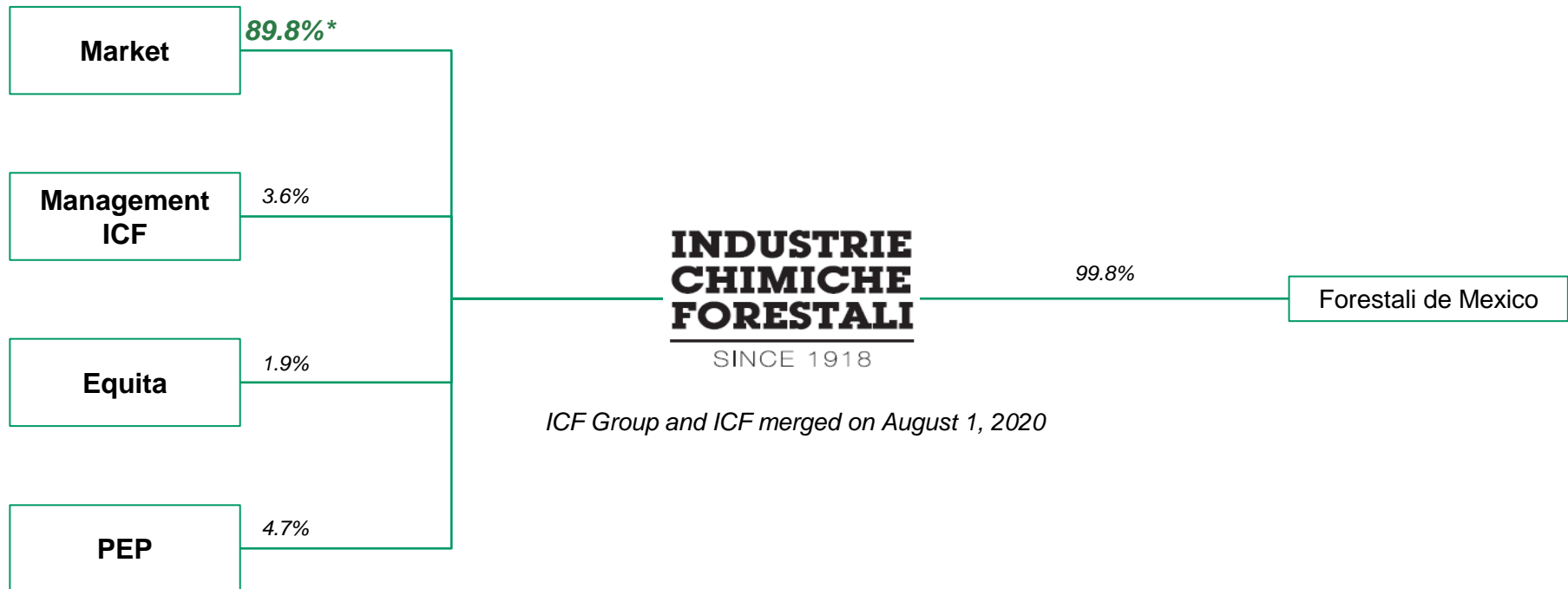
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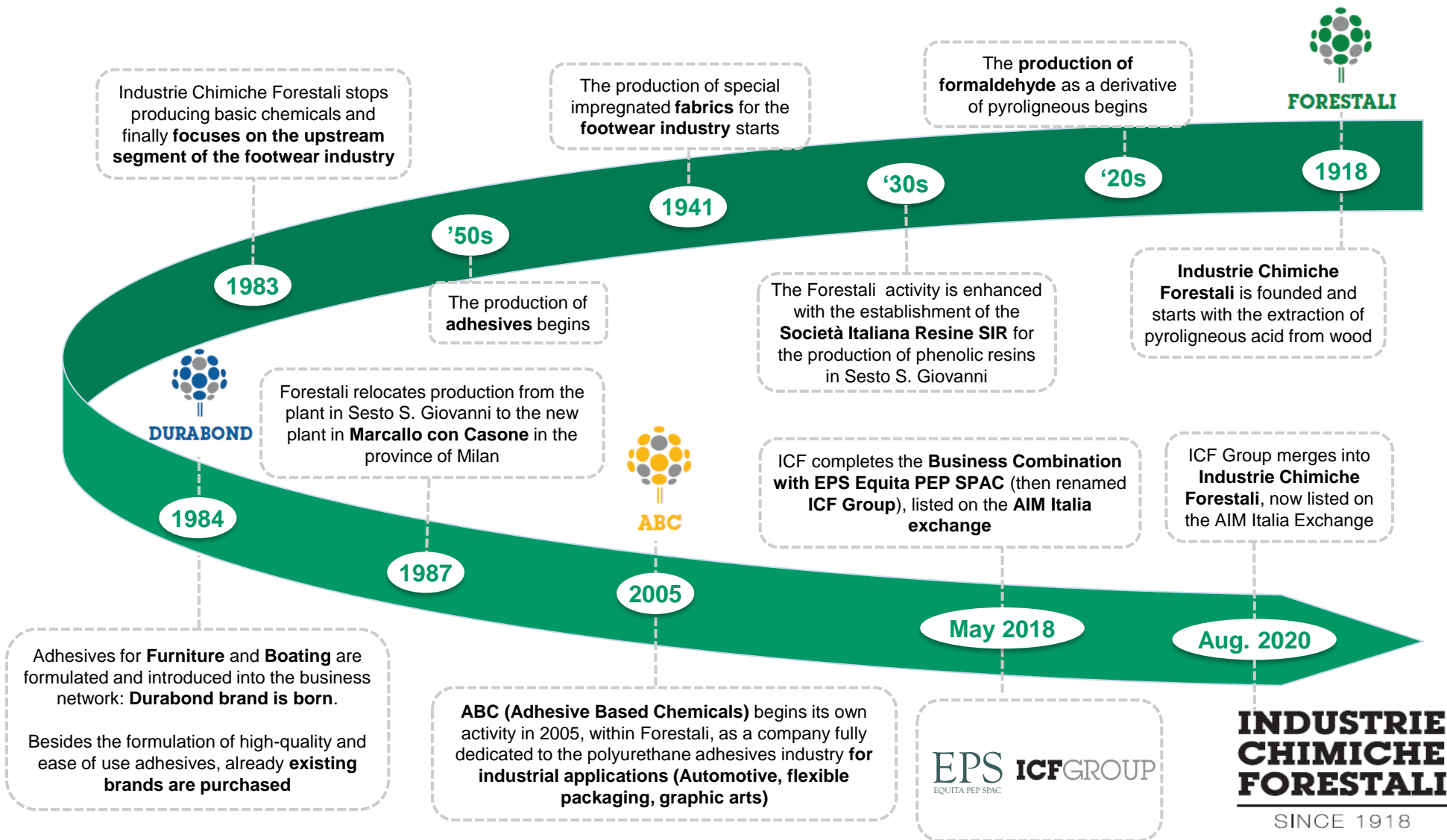
## Industrie Chimiche Forestali, a public company listed on AIM Italia

ICF is a leading player in the technical adhesives and fabrics business with around 90% free float and 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

### Current shareholding structure



# 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

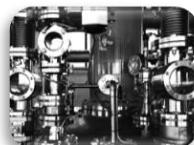
## The «Invisible Power»

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

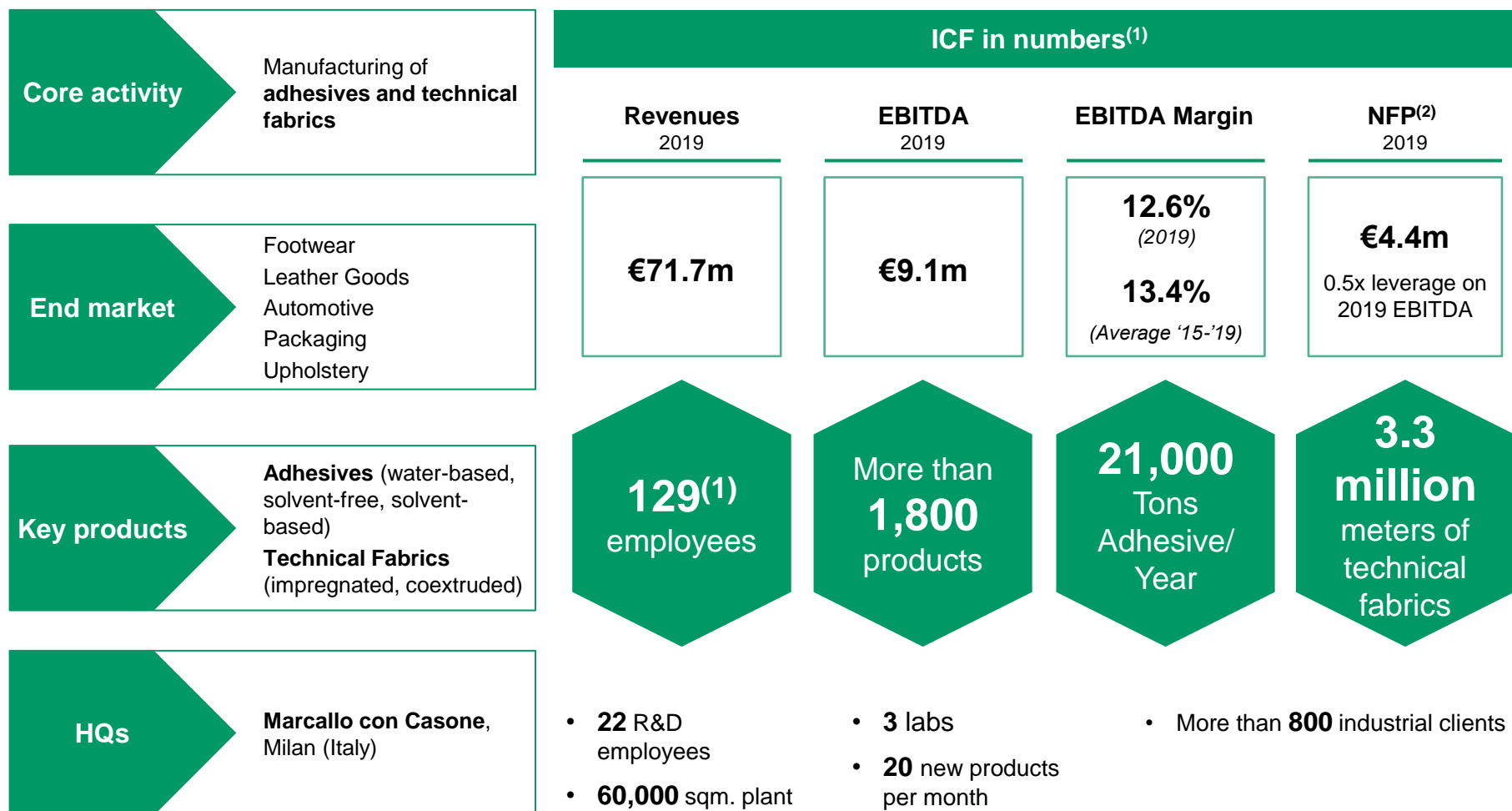


The pins used in the staplers and similar objects

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

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

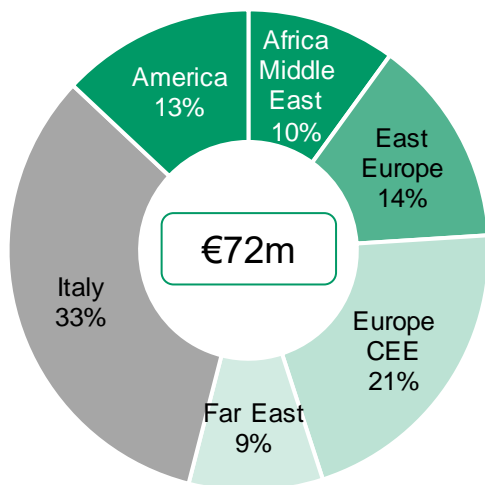
# Industrie Chimiche Forestali: a Leading Player in the Technical Adhesive World



## A Balanced Portfolio with a Global Exposure

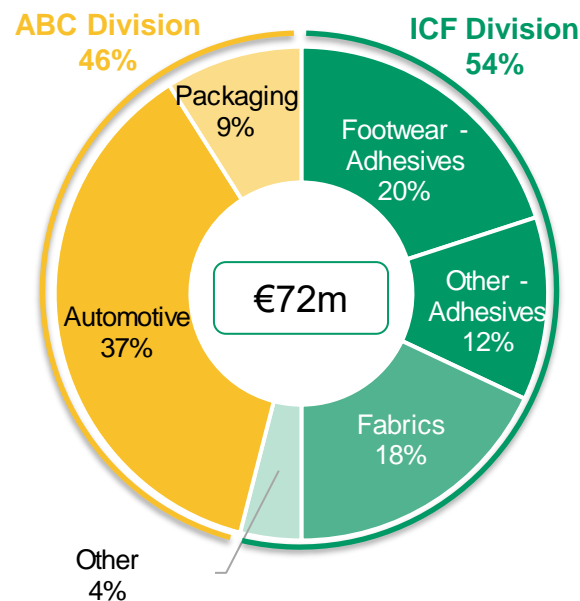
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

### Geographic Area



Export makes up for c. 67% of revenues for 2019

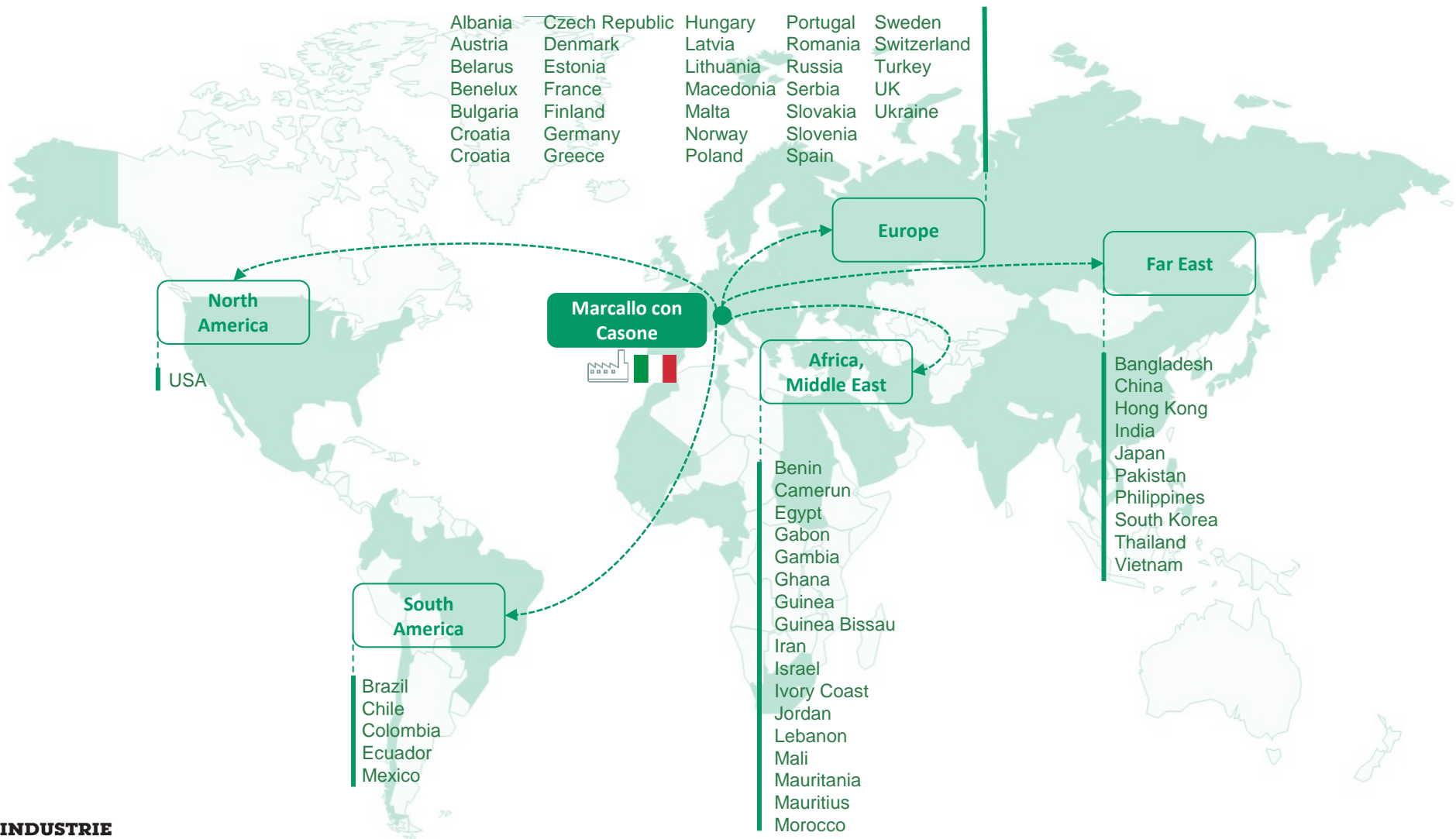
### Business Line



Forestali manufactures both adhesives (c. 32%) and fabrics (c. 18%), while ABC manufactures adhesives only

## From Italy to the rest of the world

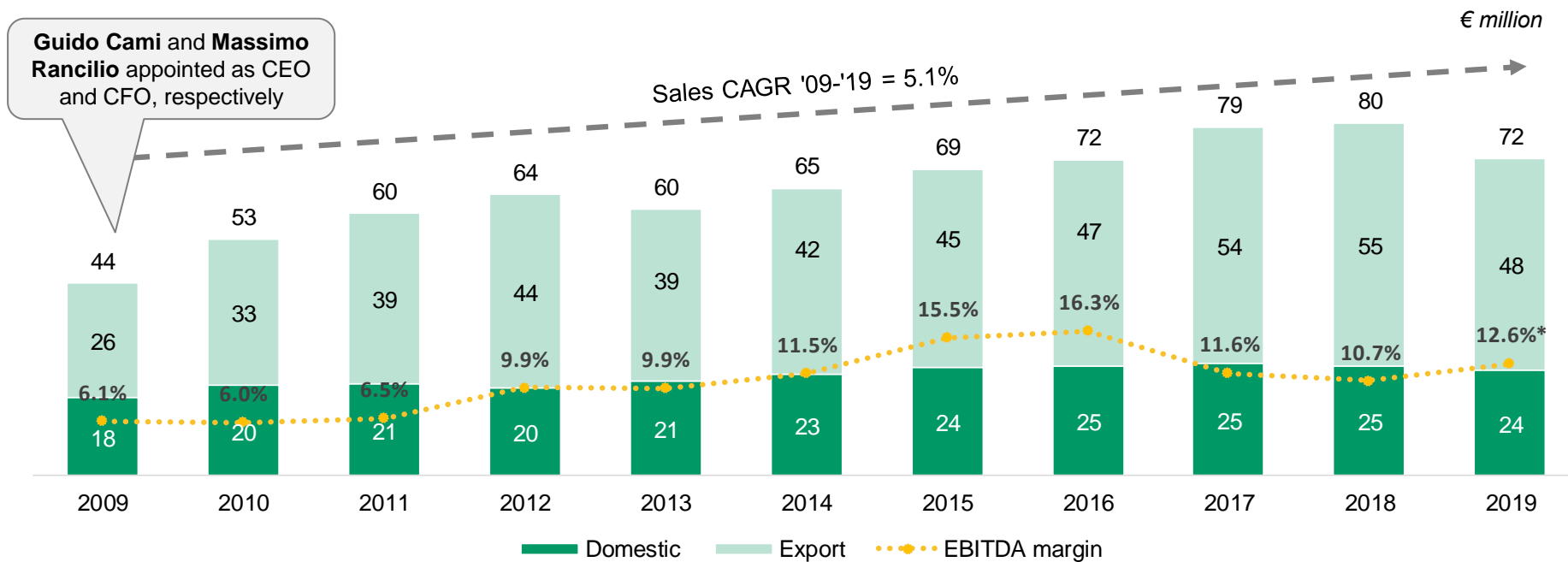
From the headquarter of Marcallo con Casone ICF reaches 80 countries all over the world



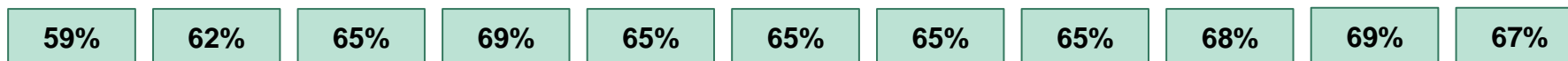


## Substantial growth mainly based on Export

Historically, sales have been growing at mid single digit since 2009 with export accounting for 67% of ICF revenues in 2019



### Export (% on revenues)

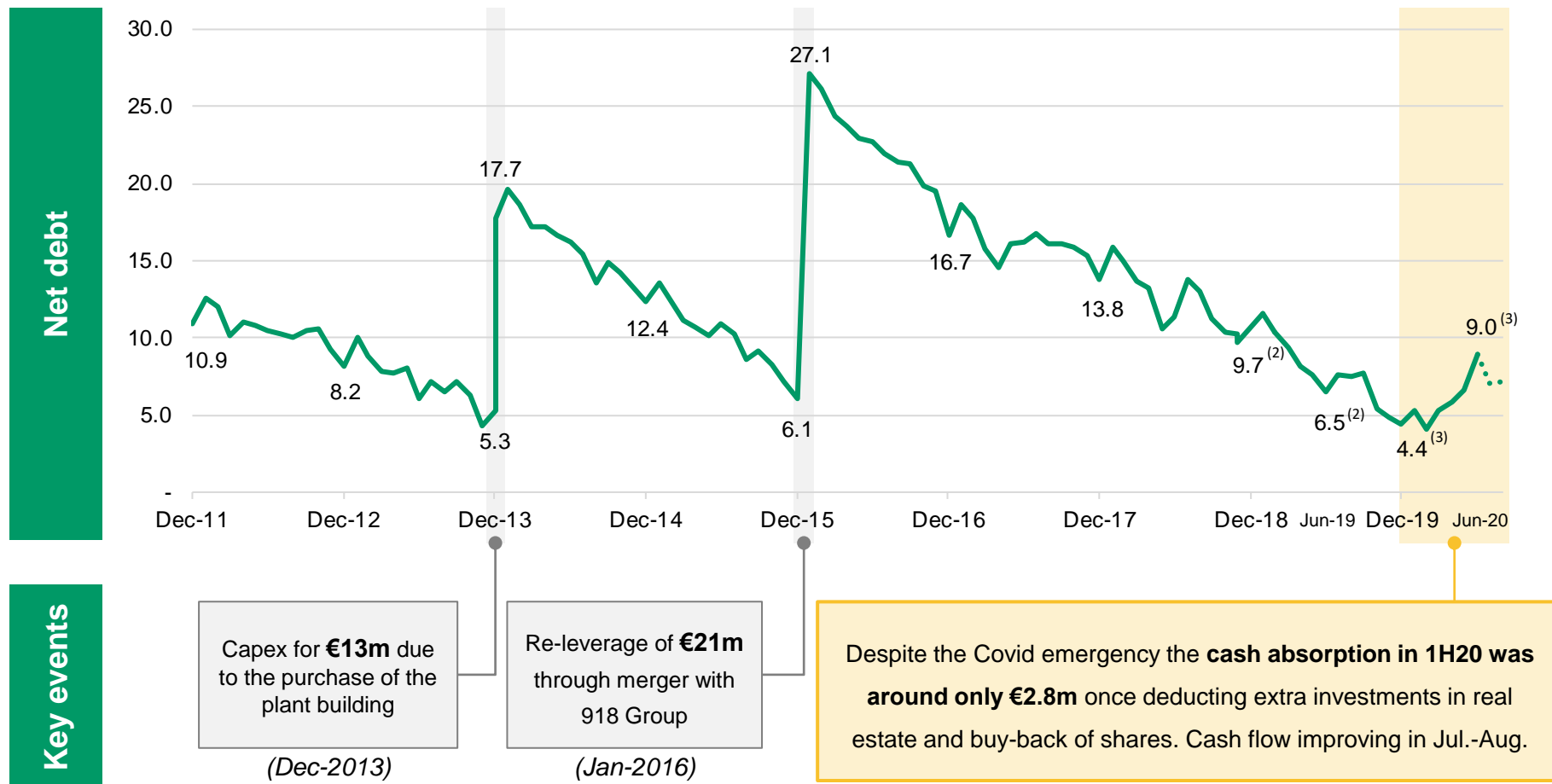


### Domestic (% on revenues)



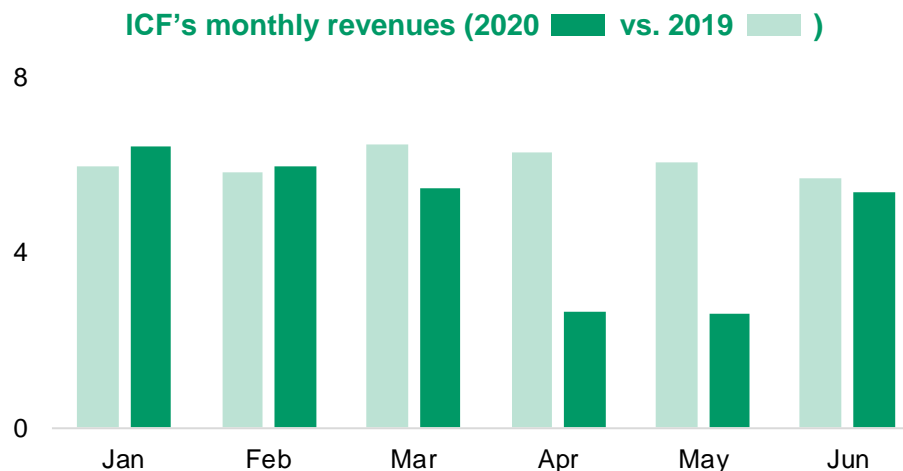
# Material Free Cash Flow Generation

## Cumulative Free Cash Flow Generation above €36m over the last 8 years



## H1 2020 financial highlights ICF

€m	H1 2019	H1 2020*
<b>1 Revenues</b>	<b>36.5</b>	<b>28.6</b>
<b>2 EBITDA</b>	<b>4.4</b>	<b>3.0</b>
Margin (%)	11.9%	10.5%
<b>Adj. EBIT</b>	<b>3.2</b>	<b>1.8</b>
Margin (%)	8.8%	6.2%
<b>3 Net Debt</b>	<b>6.5</b>	<b>9.0</b>
Net Debt/EBITDA LTM	0.8x	1.2x



- 1 In the first half of 2020, ICF recorded €28.6m in revenues. Sales declined by -13.5% to €17.1m in the manufacturing and footwear area, by -37% to €8.5m in the automotive and -9% to €3m in the packaging area. The decline was almost entirely attributable to the collapse in sales in the two months of April and May when most of the global clients were closed because of the lockdown. Revenues started to recover in June 2020 with progression toward stabilization during the summer mainly driven by automotive.
- 2 EBITDA margin confirmed at double digit level (10.5%) also thanks to management actions for efficiency enhancement while tackling Covid 19 emergency
- 3 The small increase in debt is also attributable to an extraordinary investment in a real estate asset (once rented) for around €1m and the execution of the buy-back program for €0.8m. The rest is attributable to working capital.

## ICF stock performance (as of 25<sup>th</sup> September 2020)

### ICF stock performance since IPO<sup>(1)</sup>









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IPO day=100



### Comparison with main chemical players<sup>(1)</sup>

	<b>ICF GROUP</b>	 covestro	 <b>BASF</b> We create chemistry	 <b>HUNTSMAN</b> Enriching lives through innovation	 <b>EASTMAN</b>	 H.B. Fuller	 <b>ARKEMA</b> INNOVATIVE CHEMISTRY	 <b>Henkel</b>	 <b>Jika</b>
Last 3m	<b>- 6.6%</b>	+ 31.4%	- 1.0%	+ 19.9%	+ 13.5%	+ 4.9%	+ 7.4%	+ 6.3%	+ 21.4%
YTD	<b>- 20.3%</b>	+ 6.7%	- 26.5%	- 11.5%	- 3.1%	- 12.8%	- 5.2%	- 6.2%	+ 21.9%
Last 24m	<b>- 41.4%</b>	- 39.0%	- 38.0%	- 23.9%	- 22.2%	- 21.5%	- 18.2%	- 16.1%	+ 56.0%
Mkt cap.	<b>€37m</b>	€8.1bn	€45.5bn	€4.7bn	€10.4bn	€2.3bn	€6.9bn	€35.2bn	€31.4bn

## Recent events: COVID-19 crisis and new product lines

**COVID-19:** ICF never stopped operations despite lockdown policies implemented in Italy as it is active in an industrial segment deemed necessary by the Italian Government. **Rigid safety measures** have been adopted in the plant in order to avoid the contagion and prevent the spreading of the virus among workers. All employees adopted the smart working.

Despite the first signs of the global crisis emerged already since last January, **ICF business achievements have been positive in Q1 '20 in terms of sales, margins and FCF**. In Q2, however, the global spread of the virus and the lockdown policies adopted in many countries created **temporary plant closures by several clients with a severe contraction of business concentrated in April and May and with clear signs of progressive return to stability starting from June**.

The company has a **solid Financial position and a quite low incidence of fixed costs** (around 30%).

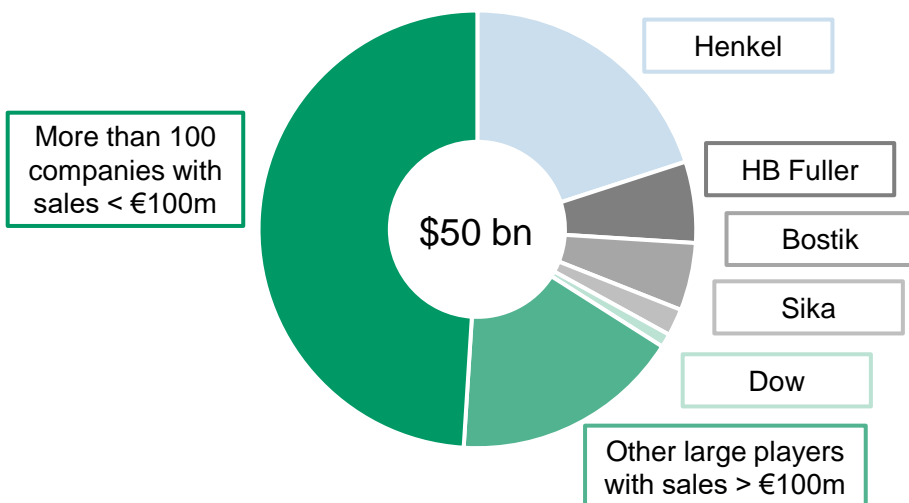
Thanks to the quick reaction of the R&D and production department, ICF started the manufacturing and marketing of hand sanitizer (VIP & TOP) as well as surface sanitizer (GULP and WOW) and SMS fabrics (Freedom M1) for the production of protective masks in collaboration with the Finnish multinational corporation Ahlstrom Munksjö.

These developments, coupled with the launch of ICF e-commerce platform in September 2020, could represent an attractive long-term strategic opportunity for ICF in the sanitizing products business.

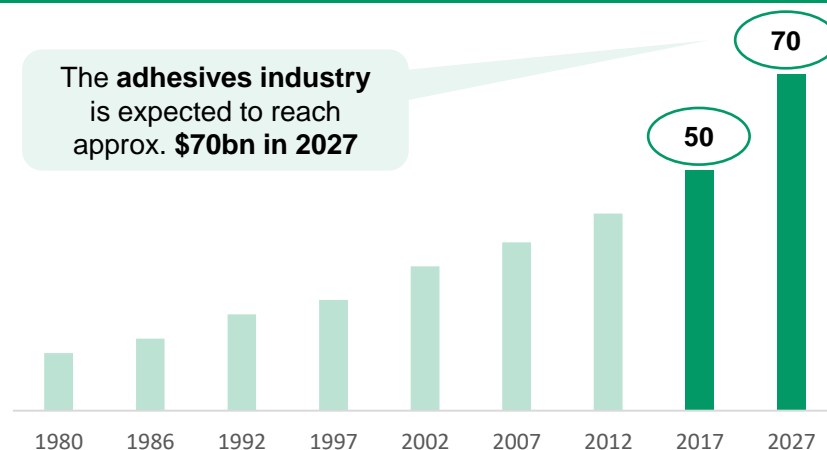


## Adhesives & Sealants Industry: A Fragmented Market Space

### Major Players



### Adhesives industry – Market value (\$bn)



- A **50 billion dollar market** with strong growth drivers (3% to 3.5% a year), which is expected to reach \$70bn by 2027

ICF has been and will be active in selecting **M&A opportunities** both domestically and abroad with a strict discipline in terms of value creation.

Such a possible development will exploit:

- The high level of certifications of its products and processes
- The distribution platform as it exports worldwide 67% of sales
- Substantial free cash flow generation
- Public company status allowing also potential stock for shares deals

## ICF ESG Priorities

### Governance

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

- The free float is around 90% making the market 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
- **Top management incentive scheme:** ICF top management holds c. 30k special shares that will be converted into ordinary shares based on ICF's stock performance (at a price of at least €11/share)

### ICF Board of Directors



Guido Cami



Giuliano Tomassi Marinangeli



Giovanni Campolo



Marina Balzano

**Independent**



Stefano Lustig



Roberto Rettani

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



Vincenzo Polidoro

### Environmental

- ISO 14001 Certification
- EMAS Certification
- OHSAS 18000 Certification
- IATF 16949 Certification
- Compliance with the European REACH regulation<sup>(1)</sup>
- Publication of the Environmental Report (every 3 years)
- Increase in the production of water-based adhesives (14% of total production) and reduction of solvent-based.
- Carbon Foot Print reduction on CO<sub>2</sub> emissions to optimize energy consumption
- Recycling of the process wash water
- From 2019, **Sustainability report** in line with Global Reporting Initiative standards



### 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



**Winner of:**  
AIM ESG  
AIM Investor  
Day 2018

## Relevant Certifications

To maintain a high commercial standing with clients, ICF obtained all the relevant certifications in the sector

Certification	Field	Obtained in:
UNI EN ISO 9001	Quality	1997
UNI EN ISO 14001	Environmental	1998
Registration EMAS	Integrated	2001
OHSAS 18001	Safety	2009
Modello 231	Auditing	2013
IATF 16949	Automotive	2019

### In addition:

- Three managers fully dedicated to HSE activity
- Compliant with REACH EU Regulation (*«Registration, Evaluation, Authorization and Restriction of Chemicals»*)

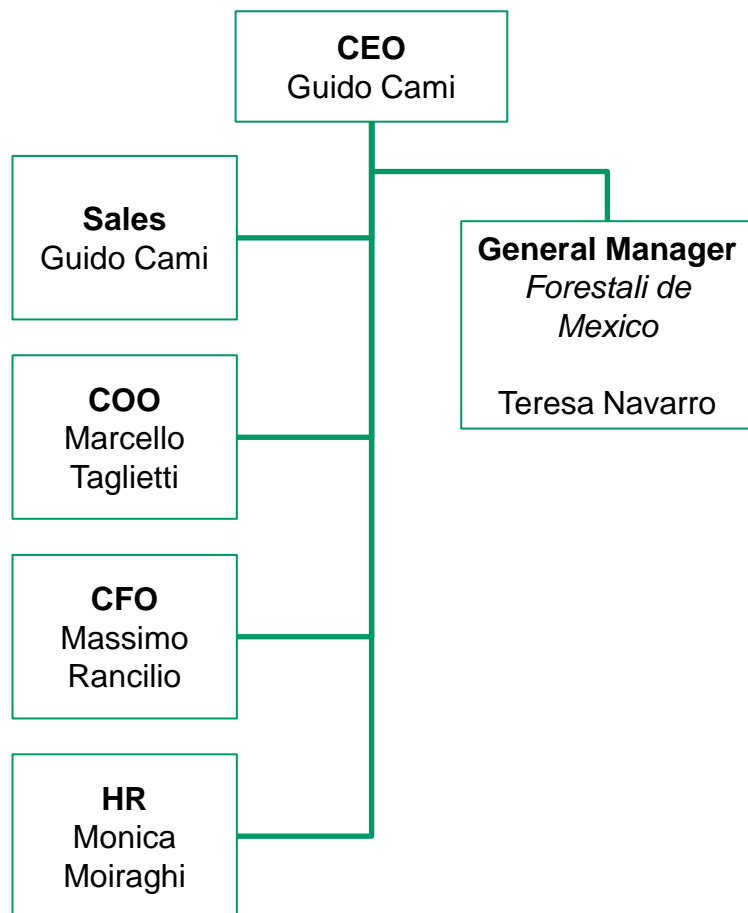
**Renewal costs** of certifications  
 +  
**3 dedicated resources**  
 =  
**€400k / 500k per year to maintain commercial certifications**

ICF complies with the **high standards** to maintain business relationship with **multinational clients** and **differentiate** from smaller competitors



# Organizational Structure and Key Management

Organizational structure with 129<sup>(1)</sup> people coordinated by...



...an experienced management



**Guido Cami** *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- Vice-Chairman of AVISA – Federchimica (Confindustria)
- Chairman of the Adhesive and Sealant division of AVISA
- Vice-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
- 10 years in Forestali as CEO



**Marcello Taglietti** *Chief Operating Officer*

- 26+ years of experience in the Operations function (Ashland Chemicals, Air Products and Chemicals, KMG Chemicals)
- 2 years in Forestali



**Massimo Rancilio** *Chief Financial Officer*

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



**Monica Moiraghi** *Human Resources*

- 27 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

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**Industrie Chimiche Forestali S.p.A.**  
**[www.forestali.it](http://www.forestali.it)**

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