

**We are invisible.
But we are everywhere.**

ICF Group
Investor presentation
September 2019

ICFGROUP

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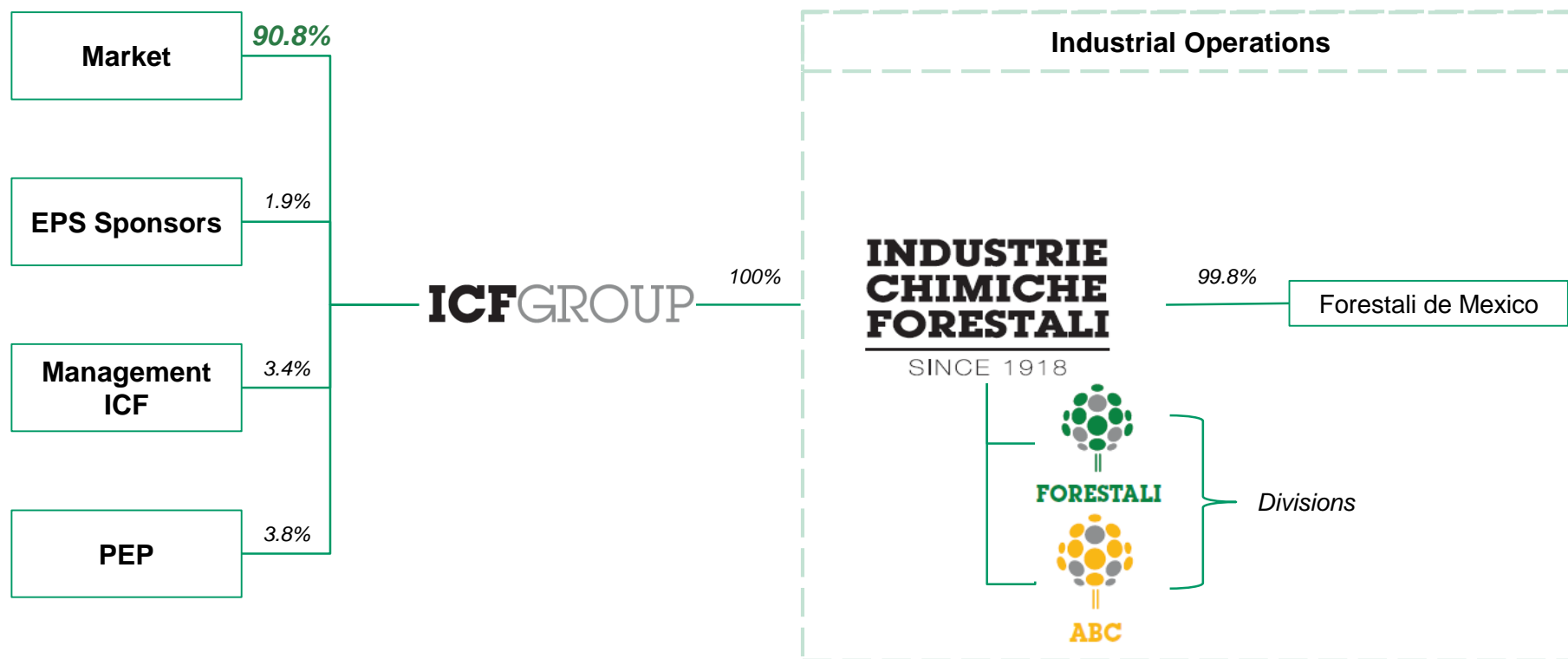
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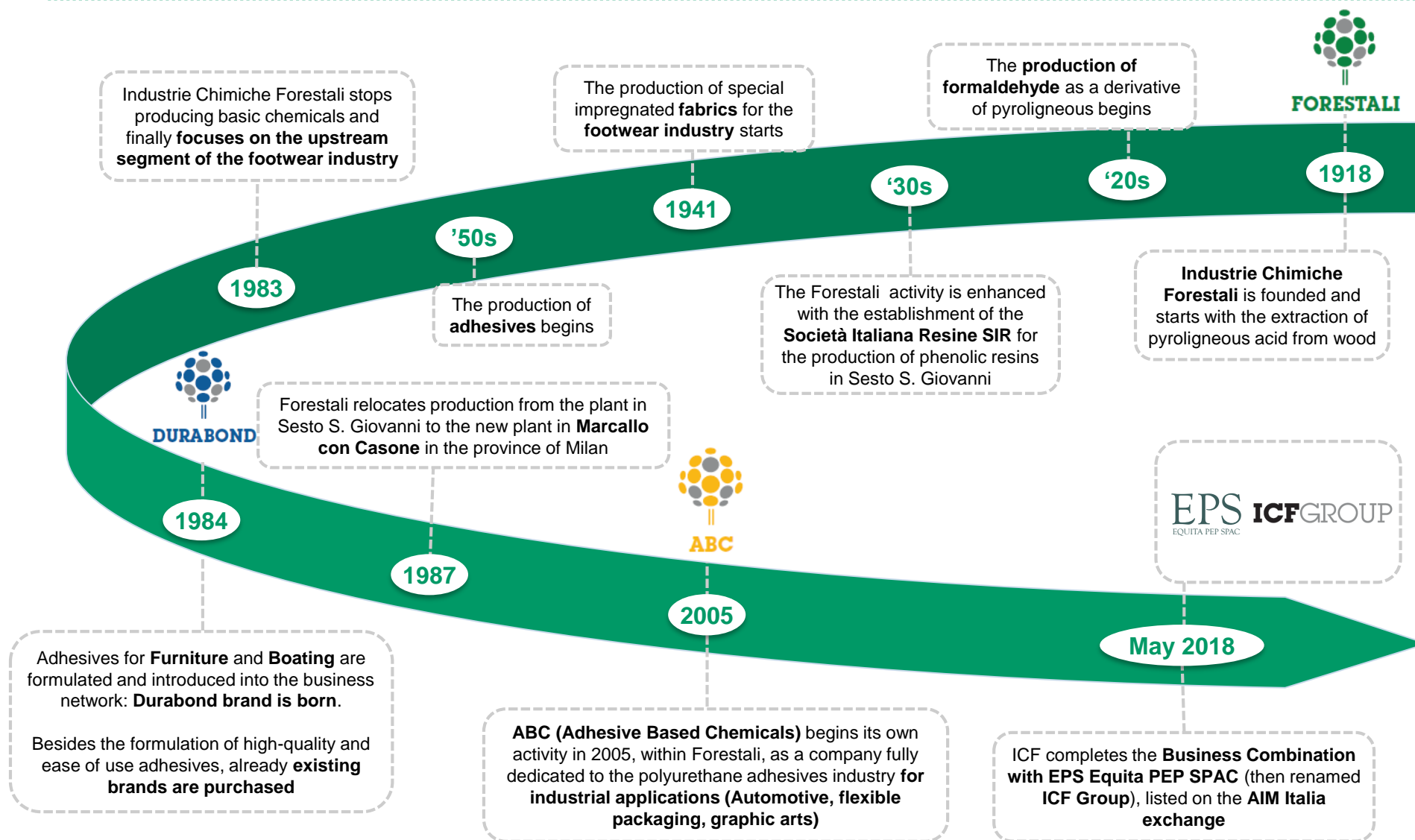
ICF Group, a public company listed on AIM Italia

ICF Group is a **public company**, with over 90% free float, controlling 100% of ICF S.p.A., a leading player in the technical adhesives and fabrics business. The **mission** is to support further organic expansion of ICF S.p.A. operations while acting as an aggregator of companies operating in complementary businesses

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

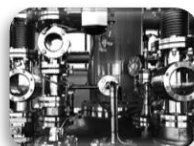


Adhesive is used to glue different components of the upholstery

The «Invisible Power»

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

Automotive



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

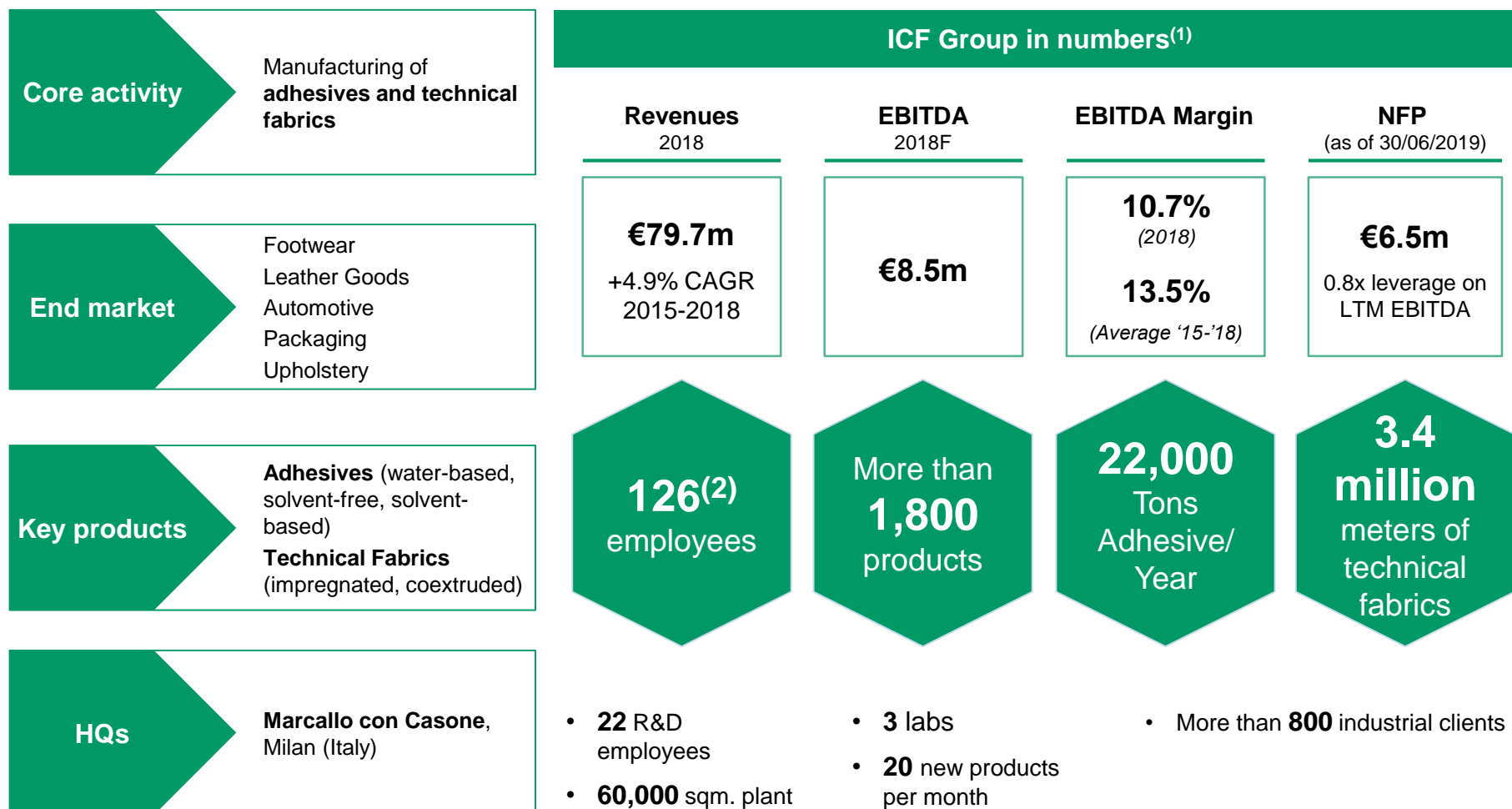


The pins used in the staplers and similar objects

...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

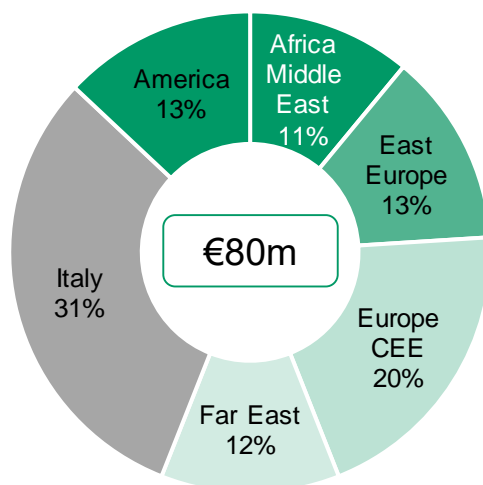
Industrie Chimiche Forestali: a Leading Player in the Technical Adhesive World



A Balanced Portfolio with a Global Exposure

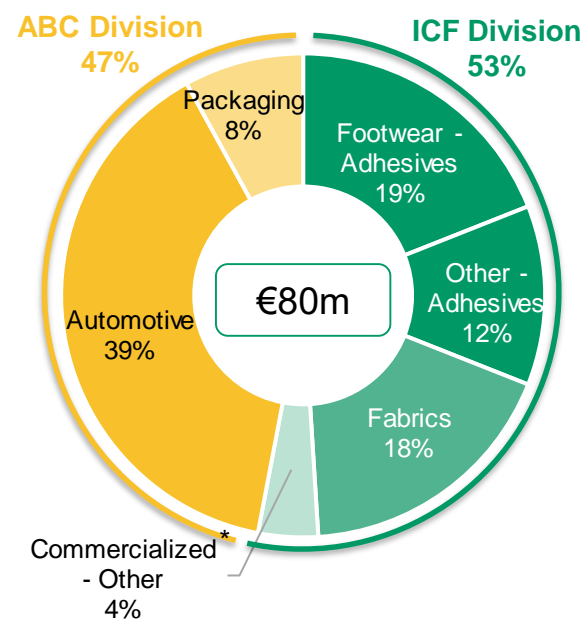
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

Geographic Area



Export makes up for c. **69%** of revenues for 2018

Business Line

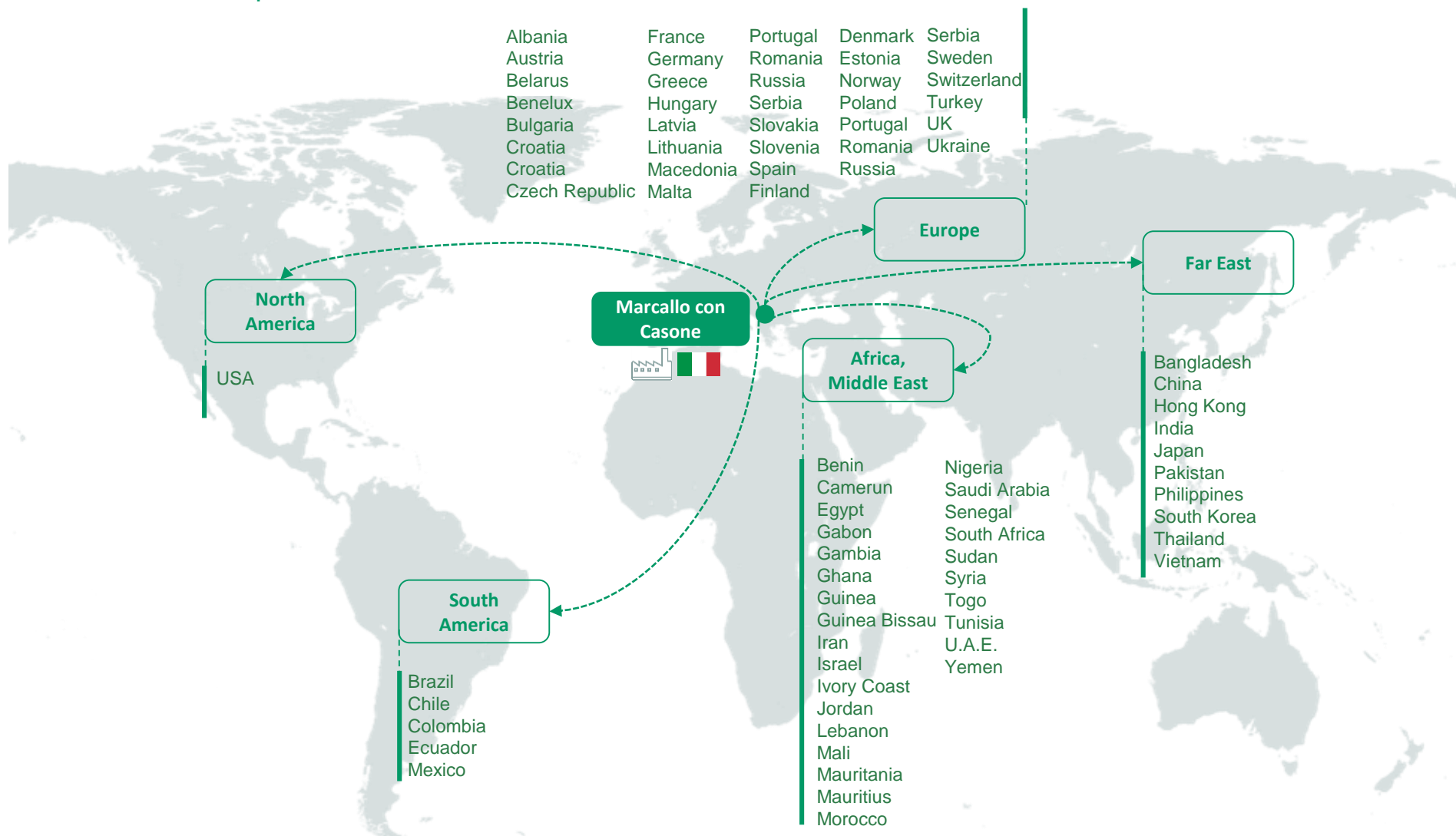


The **Automotive** and the **Footwear** market segments account for the **large majority** of revenues

Forestali manufactures both **adhesives** (c. 31%) and **fabrics** (c. 18%), while **ABC** manufactures adhesives only

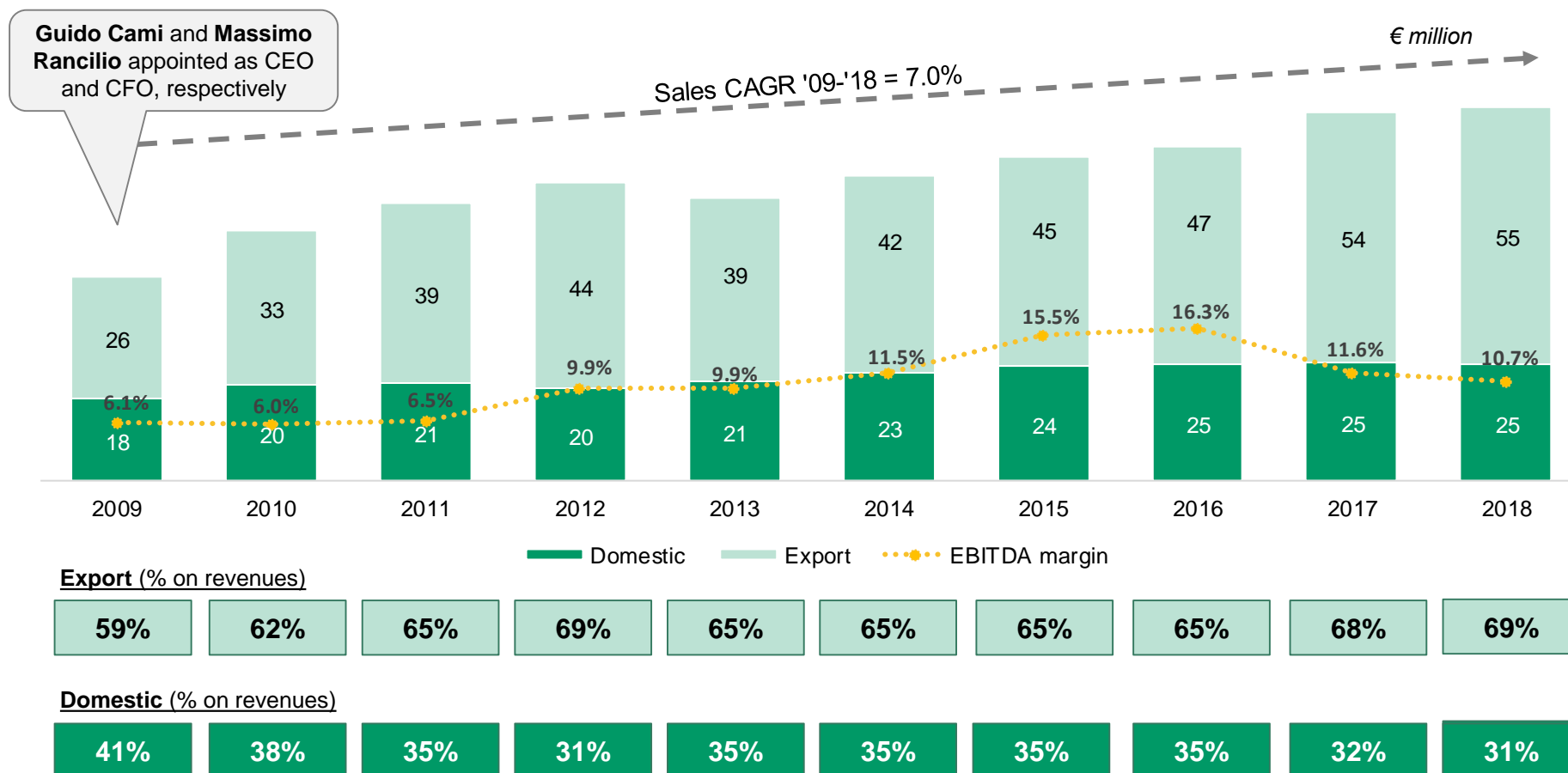
From Italy to the rest of the world

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



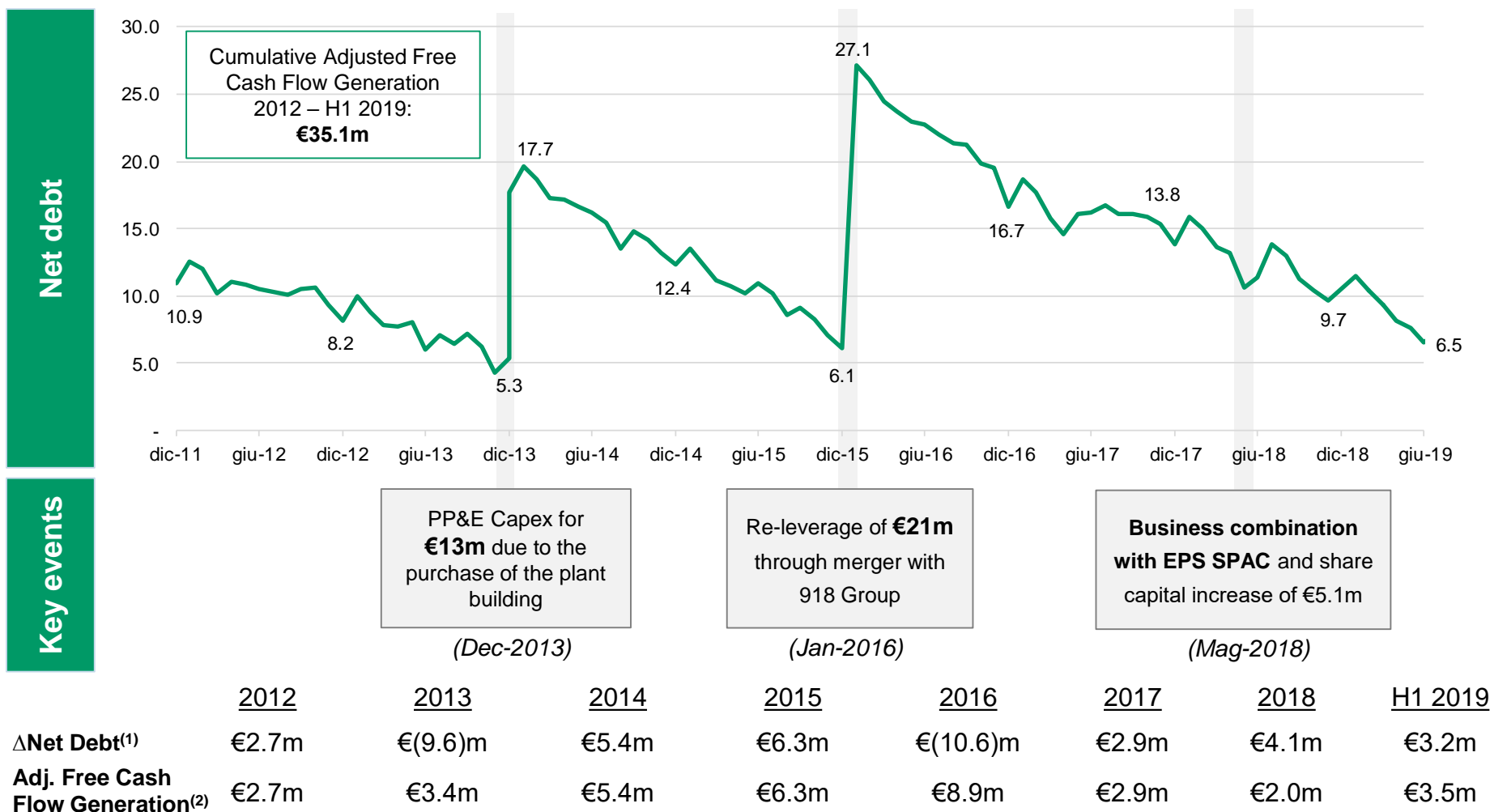
Substantial growth mainly based on Export

Historically, sales have been growing at high single digit since 2009 with export accounting for 69% of group revenues in 2018



Material Free Cash Flow Generation

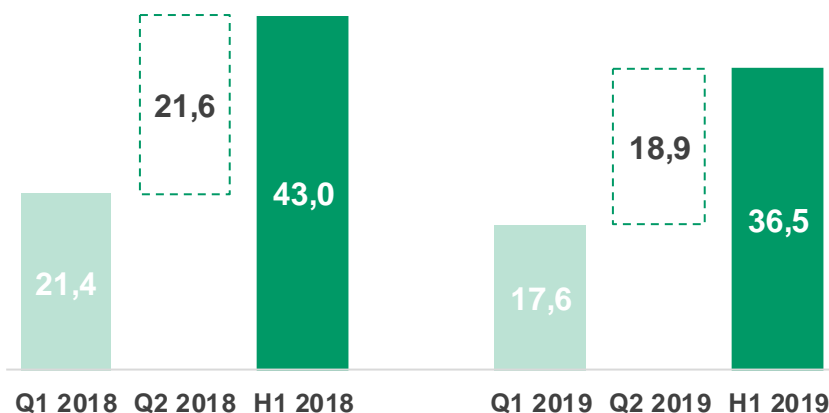
Cash-generative business which has been able to manage 1 extraordinary capex and 1 re-leverage in 6 years



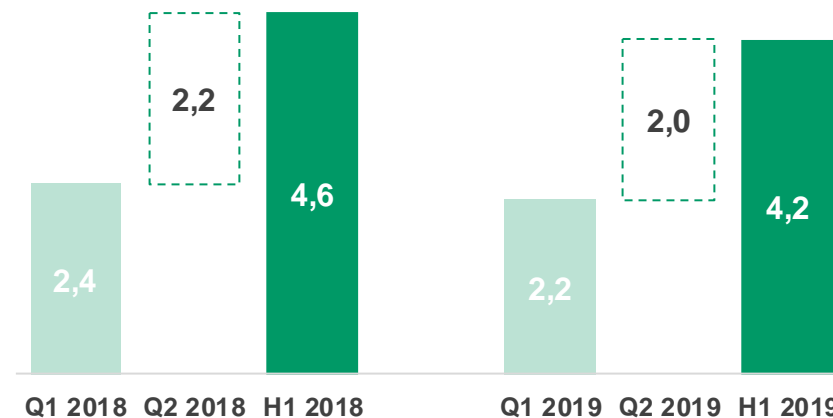
Note: (1) No dividends have been paid since 2012 (2) Adjusted for extraordinary outflow given by leverages in December 2013 and January 2016, for changes in the perimeter of consolidation, in 2018 for the cost of the stock option plan and the share capital increase and in 2019 for the share buyback expenditure.

First half 2019 financial highlights: margins recovery and constant FCF

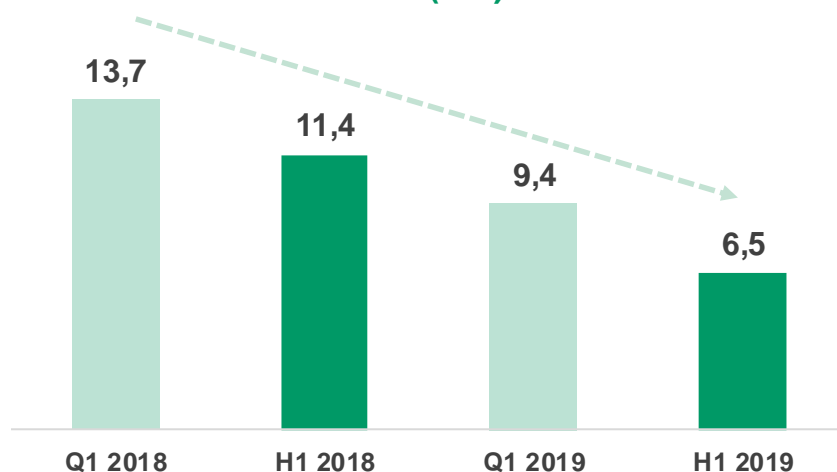
Revenues (€m) (*)



EBITDA (€m) (*)



Net Debt (€m) (*)



EBITDA: EBITDA margin improved by 100 b.p. driven by production efficiencies and decrease in material costs

Net Debt: deleverage by €4.9m over the last twelve months thanks to strong cash generation and notwithstanding the €0.3m spent in shares buyback

Free Cash Flow: around €5.2m in the last twelve months and €3.5m in the first half of 2019

Half-year Income Statement ICF Group

	€ m	H1 2018	H1 2019	YoY %
	Revenues	43.0	36.5	-15.0%
	Other revenues	1.1	0.7	
1	Total revenues	44.1	37.2	-15.5%
	Cost of materials	(30.1)	(24.2)	
2	First margin	13.9	13.0	-6.4%
	<i>Margin (%)</i>	<i>32.4%</i>	<i>35.7%</i>	
	Services	(5.2)	(4.9)	
	Cost of labor	(4.8)	(4.7)	
	Other costs	0.6	0.8	
3	EBITDA	4.6	4.2	-7.4%
	<i>Margin (%)</i>	<i>10.6%</i>	<i>11.6%</i>	
	D&A	(4.0)	(3.8)	
	Write-downs and provisions	(0.0)	(0.0)	
4	EBIT	0.5	0.4	
	<i>Margin (%)</i>	<i>1.2%</i>	<i>1.1%</i>	
	Financial income / (expenses)	(0.4)	(0.4)	
	Foreign exchange income/(expense)	-	-	
	Extraordinary income/(expenses)	(3.0)	-	
	EBT	(2.9)	0.0	
	Tax	(0.2)	(0.9)	
	Net income	(3.1)	(0.9)	
	<i>Margin (%)</i>	<i>-7.1%</i>	<i>-2.5%</i>	
	<i>Net Income Adjustments</i>	<i>5.3</i>	<i>2.8</i>	
5	Adjusted Net Income	2.2	1.9	

Comments on the P&L

- 1 Total revenues decreased from €44.1m in H1 2018 to €37.2m in H1 2019 (- 15.5% YoY) due to price pressure from clients and macro-trends in demand. In particular, the Automotive division registered a decrease in sales of 18.2%, Packaging of 5.7% and the Manufacturing segment (footwear, leather goods and upholstery) of 14.3%.
- 2 The June 2019 **first margin**, notwithstanding the decrease in absolute value, benefited from lower raw material purchase prices and increased in marginality by 3.3 percentage points.
- 3 In **the first half of 2019**, EBITDA was 7.4% lower than in June 2018 but registered a 100 b.p. increase in marginality due to the positive effects of lower raw material costs and increased operational efficiency. EBITDA includes the pro-quota share of the €0.5m recurring service costs related to the consolidation of ICF Group.
- 4 D&A in H1 2019 includes **€2.8m** of **goodwill amortization**
- 5 The **adjusted net income** for the first half of 2019 was **€1.9m** and was calculated grossing up the amortization of goodwill for **€2.8m**, a non-deductible costs. In **H1 2018**, **net income** has been **adjusted** for after-tax non-recurring **costs related to the stock option plan (€2.3m) and goodwill amortization (€3.0m)**

Half-year Balance Sheet ICF Group

€ m	H1 2018	H1 2019
Inventory	13.5	12.0
Accounts receivables	21.8	20.3
Accounts payable	(18.5)	(16.1)
1 Trade working capital	16.8	16.2
Total other assets / (liabilities)	(1.0)	(1.6)
Working capital	15.8	14.6
2 Intangible assets	52.6	50.0
Tangible assets	16.6	15.9
Financial assets	0.0	0.0
Fixed assets	69.3	65.9
Employees' leaving indemnities	(0.8)	(0.7)
Other funds	(0.6)	(0.6)
Net invested capital	83.6	79.2
Share capital	38.0	38.0
Reserves	37.3	35.6
Net income to the parent company	(3.1)	(0.9)
Minority interests	-	-
Shareholders' equity	72.2	72.7
LT debt	2.4	2.4
ST debt	19.3	17.3
Other financial debt	-	-
Financial debt	21.7	19.7
Cash & equivalents	(10.2)	(13.2)
3 Net financial position	11.4	6.5
Sources	83.6	79.2

Comments on the BS

- 1 The decrease in trade working capital (-€0.6m vs H1 2018) was also a reflection of the slowdown of sales.
- 2 Intangible assets include **goodwill** arising from the business combination with EPS Equita PEP SPAC.
- 3 **Net financial position** decreased from **€11.4m** at the end of **June 2018 to €6.5m in June 2019** thanks to the positive free cash flow generation and despite the extraordinary payment related to the stock option plan (€3.0m) and the buyback program started in May 2019 (€0.3m)

Half-year Cash Flow Statement ICF Group

€ m	H1 2019
Net income	(0.9)
Taxes	0.9
Financial Expense/(Income)	0.4
Provisions	0.2
D&A	3.8
Write-off	0.0
ΔWC	0.4
Other cash items	(0.8)
Cash flows from operations	4.0
Tangible capex	(0.5)
Intangible capex	(0.0)
Investment in Financial assets	(0.0)
1 Cash flows from investing	(0.5)
Operating Free Cash Flow	3.5
Debt issuance / (reimbursement)	(1.0)
Share buyback	(0.3)
Cash flows from financing	(1.3)
Available cash flows	2.2

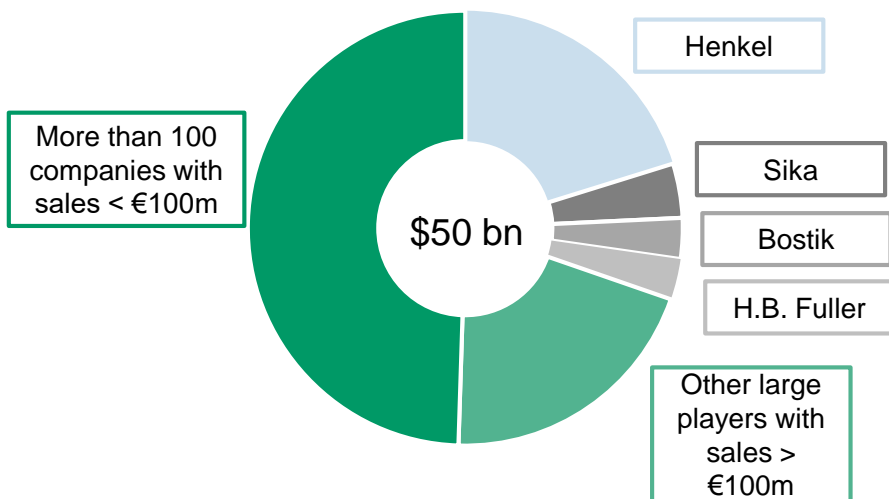
Comments on the CF Statement

- 1** The business model of ICF **does not require high level of investment** in terms of capex, therefore supporting the generation of **positive cash flows**

Share buyback update: in May 2019, the Board approved a share buyback program in order to sustain potential future stock M&A deals. As of June 2019, ICF repurchased 52,550 shares, for a total expenditure of €0.3m. As of 16th September 2019, total shares purchased amount to 97,238 corresponding to a total cash outflow of €0.6m

Adhesives & Sealants Industry: A Fragmented Market Space

Major Players



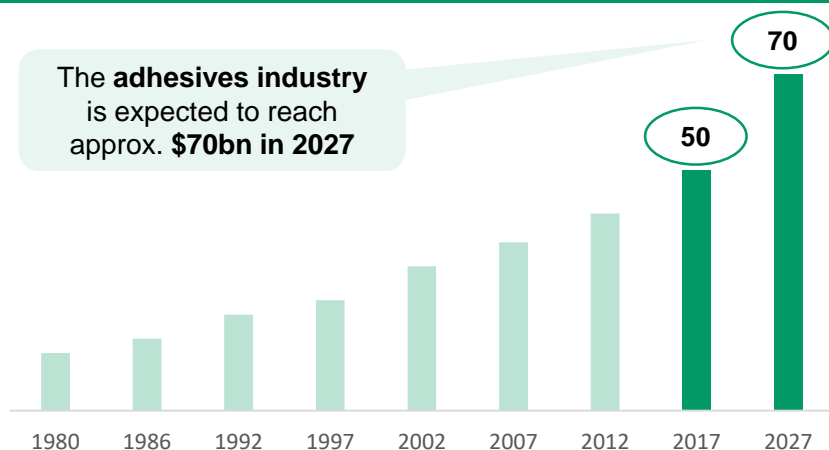
- A **50 billion dollar market** with strong growth drivers (3% to 3.5% a year), which is expected to reach \$70bn by 2027
- From organic growth to expansion through **value accretive bolt-on** acquisitions, delivering high synergies as a combination of:

Purchasing synergies: raw materials, goods and services, logistics

Operational excellence

Commercial synergies: new geographies, new markets, new products

Adhesives industry – Market value (\$bn)



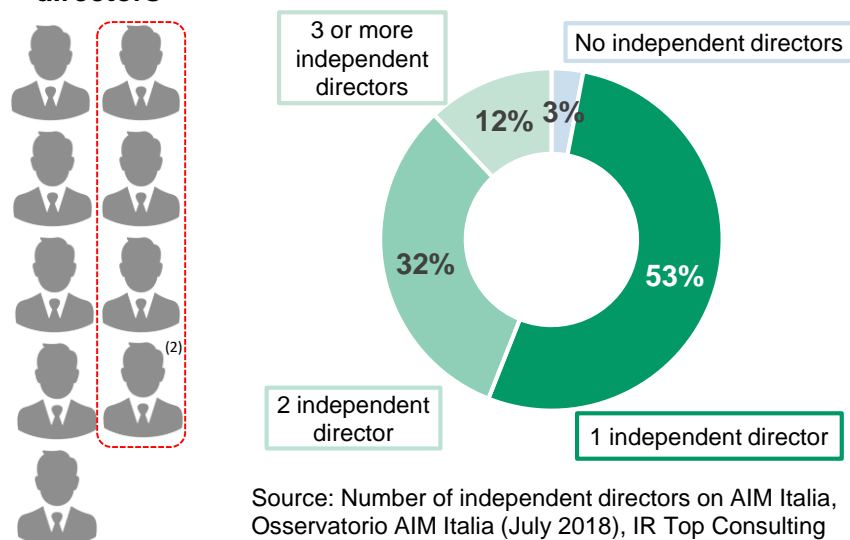
ICF Group wants to act as a consolidator, exploiting:

- The high level of certifications of its products and processes
- The distribution platform as it exports worldwide 68% of sales
- Substantial free cash flow generation
- Public company status allowing also potential stock for shares deals

ICF Group ESG Priorities

Governance

- ICF Group governance model is quite unique among companies of similar size listed on AIM Italia. The Board of Directors is composed of 9 members, of which **4 qualify as independent directors**



- The free float is more than 90%, so the market is the dominant shareholder
- The interests of ICF top management are aligned with those of the shareholders:** 12 ICF managers, including the CEO Guido Cami, hold 3.4% of the Company's share capital
- Top management incentive system:** ICF top management hold c. 30k special shares that will be converted into ordinary shares based on ICF Group's stock performance (at a price of at least €11/share)

Environmental

- ISO 14001 Certification
- EMAS Certification
- OHSAS 18000 Certification
- Compliance with the European REACH regulation⁽¹⁾
- 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 CO₂ emissions to optimize energy consumption
- Recycling of the process wash water

Social impact

ICF Group supports the community by sponsoring local organizations:

- Bambini delle Fate
- Marcallo con Casone local sport team
- Mesero oratory
- Valcaselle *tamburello* team

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

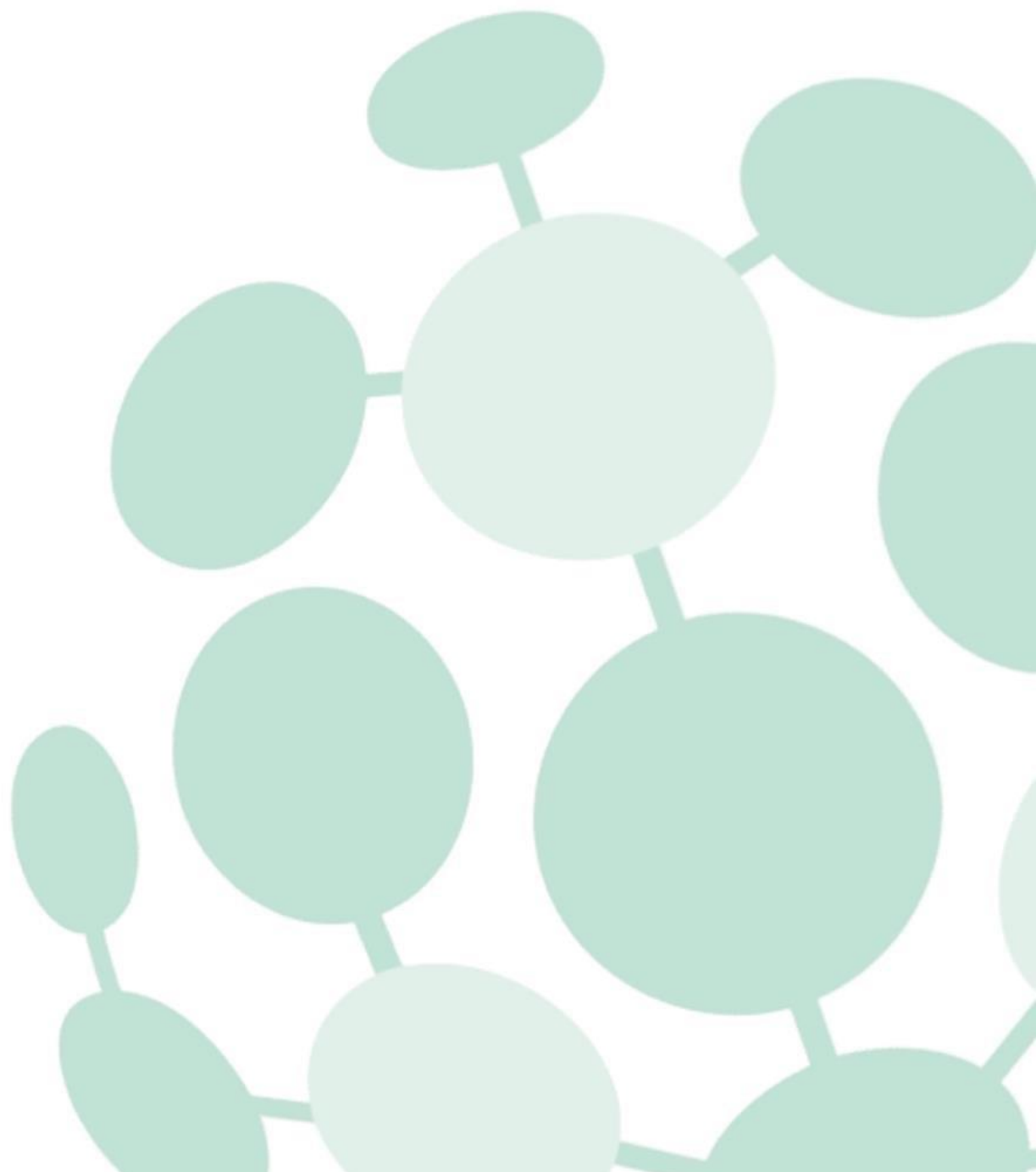
Certification	Field	Obtained in:
UNI EN ISO 9001	Quality	1997
UNI EN ISO 14001	Environmental	1998
Registration EMAS	Integrated	2001
OHSAS 18001	Safety	2009
Modello 231	Auditing	2013
UNI EN ISO/TS 16949	Automotive	2016

In addition:

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

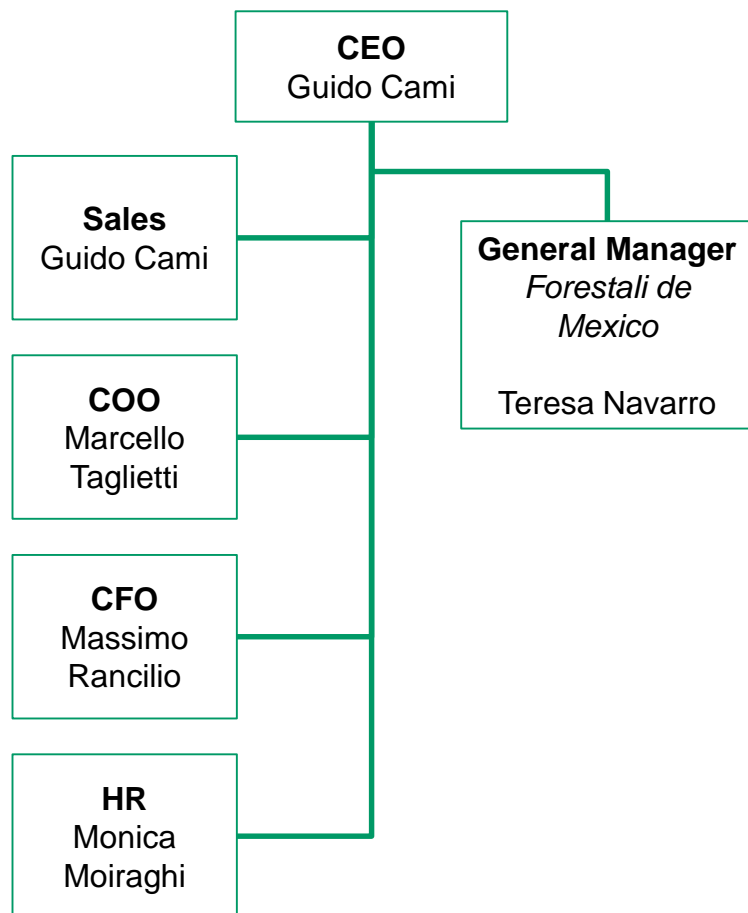
Renewal costs of certifications
 +
 3 dedicated resources
 =
€400k / 500k per year to maintain **commercial certifications**

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 126⁽¹⁾ people coordinated by...



...an experienced management



Guido Cami *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- Chairman of AVISA – Federchimica (Confindustria)
- Executive Board Member 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

Board of Directors

ICF Group Board of Directors



Guido Cami
Chairman of the Board & CEO



Fabio Sattin
Director



Stefano Lustig
Director



Giovanni Campolo
Director (Specific mandate on Corporate Development)



Rossano Rufini
Director



Fabio Buttignon
Independent Director



Stefano Caselli
Independent Director



Marco Carlizzi
Independent Director



TBD⁽¹⁾
Independent Director

ICF Board of Directors



INDUSTRIE CHIMICHE
FORESTALI



Guido Cami
Chairman of the Board & CEO



Giovanni Campolo
Director



Rossano Rufini
Director

The Board has **3 directors**, two of which nominated by the holding company ICF Group

A decorative background featuring horizontal green dashed lines and several light green circles of varying sizes, some with small stems, resembling a stylized plant or foliage.

A decorative background featuring horizontal green dashed lines and several light green circles of varying sizes, some with small stems, resembling a stylized forest or foliage.

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download your copy of ICF Environmental Report!***