

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

ICF Group
AIM Italia Conference
Palazzo Mezzanotte – May 27, 2019

ICFGROUP

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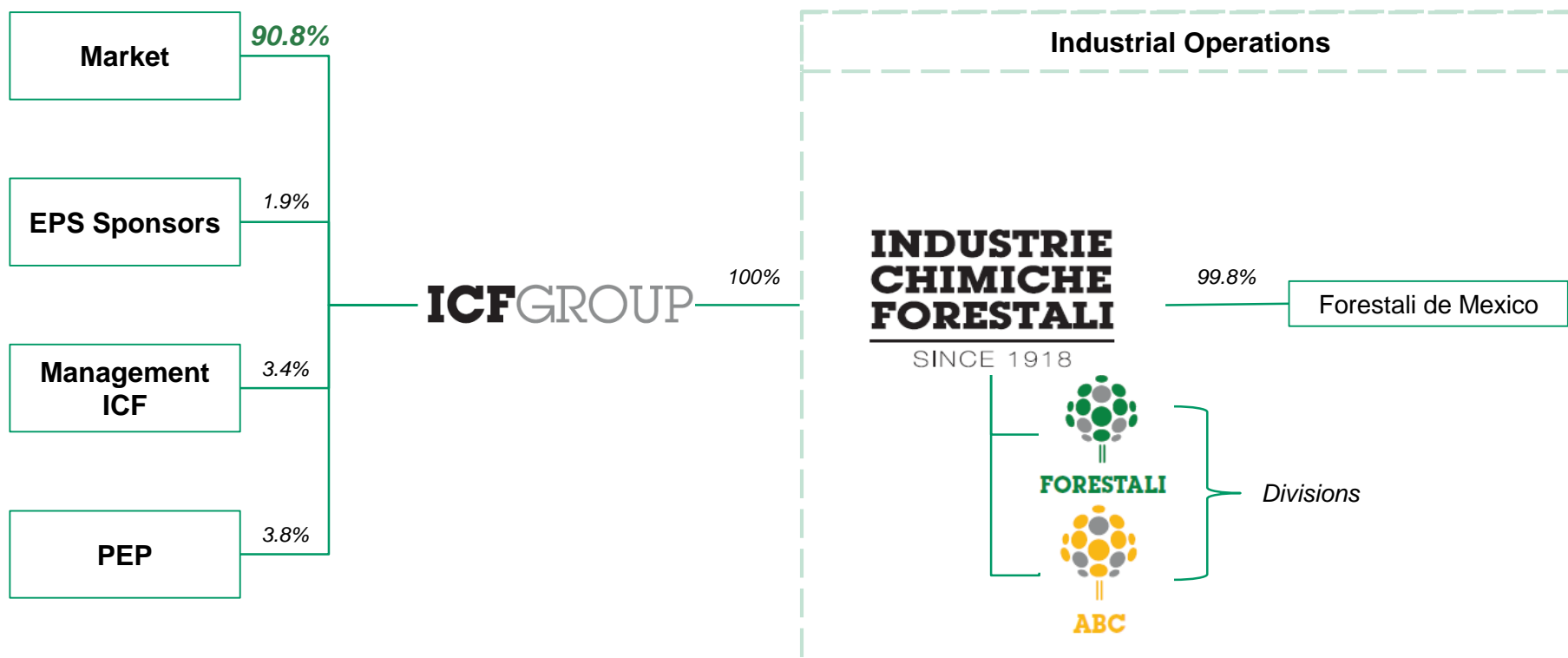
This presentation focuses on the industrial operations of Industrie Chimiche Forestali. The 2017 full year financial figures presented refer to the results of Industrie Chimiche Forestali S.p.A. (“ICF S.p.A.”), operating subsidiary of ICF Group, whereas the 2018 full year pro-forma financial figures refer to ICF Group.

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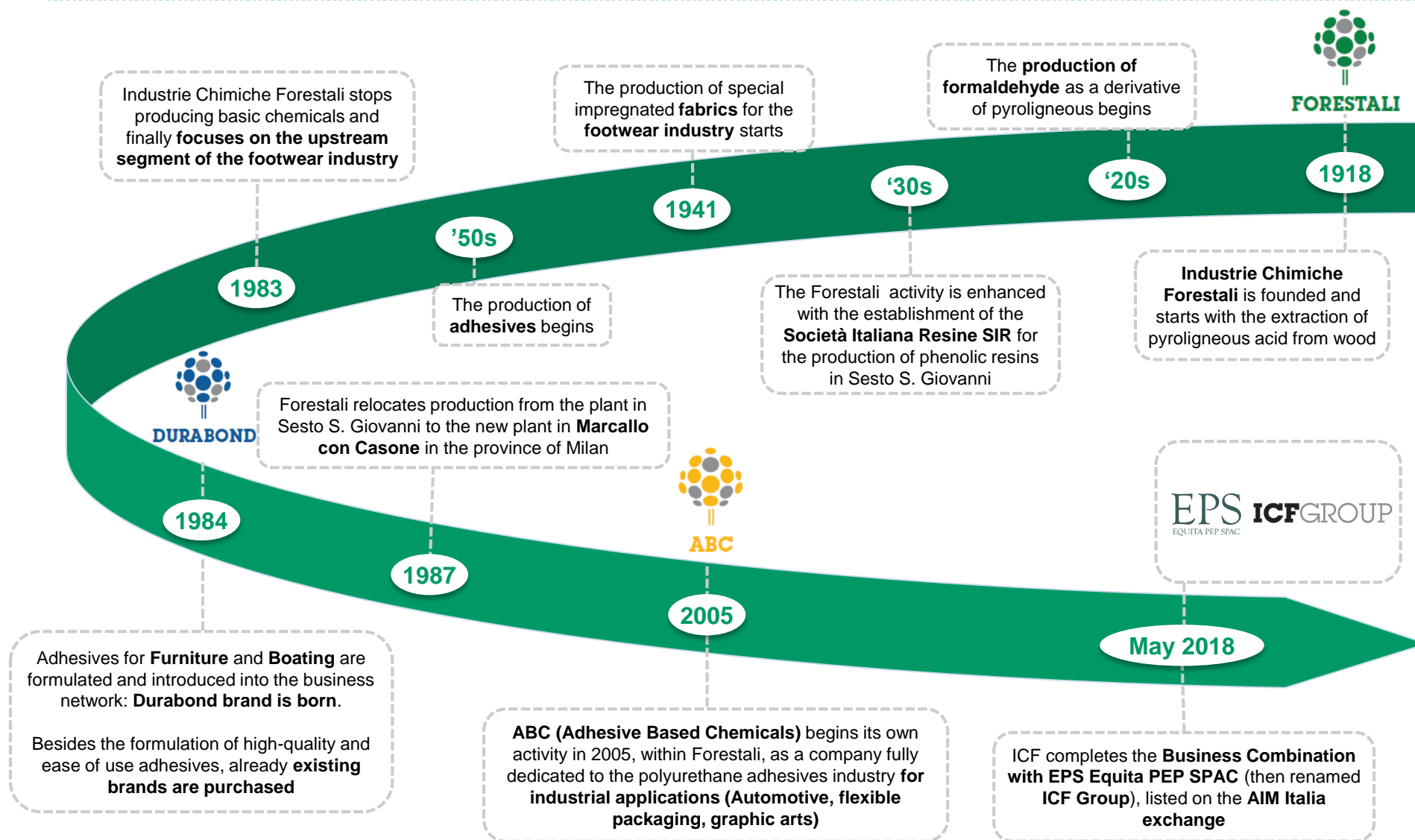
ICF Group, a public company listed on AIM Italia

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 business.

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

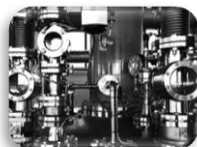


Adhesive is used to glue different components of the upholstery

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

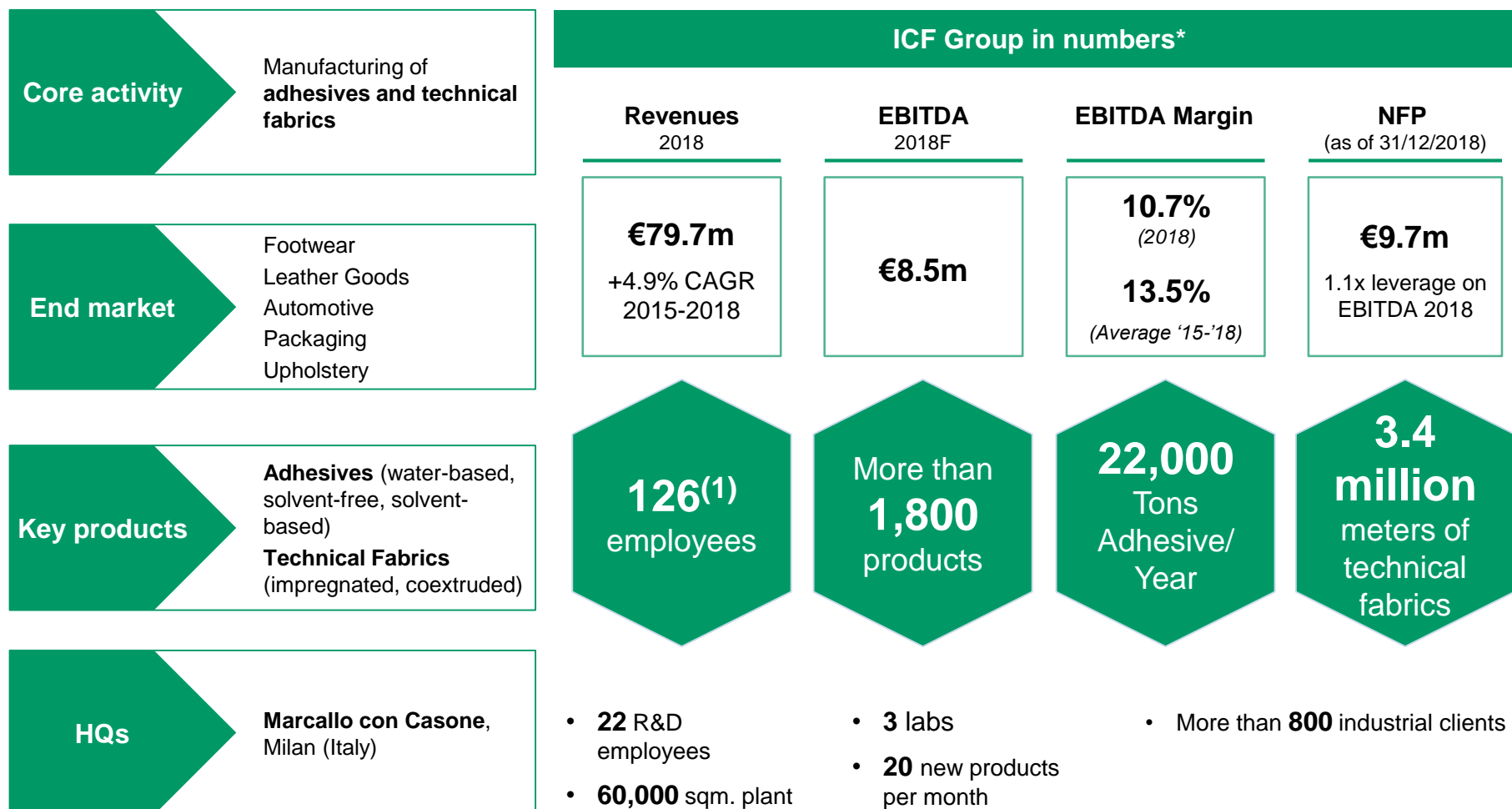


The pins used in the staplers and similar objects

...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



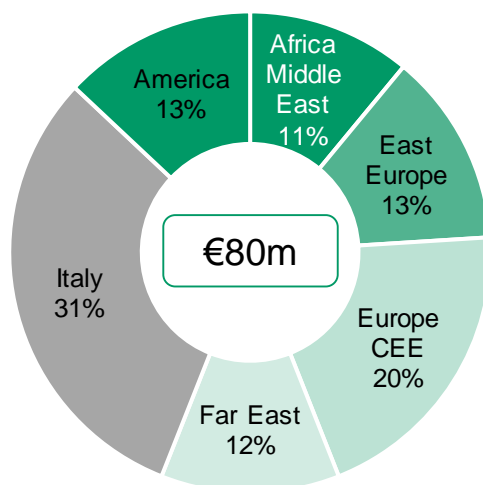
Note: (*) FY18 are unaudited results and are 12 months pro-forma figures as if the Business Combination, occurred in May 2018, was effective as of 1/1/2018 (1) As of 31/12/2018

Source: ICF Information

A Balanced Portfolio with a Global Exposure

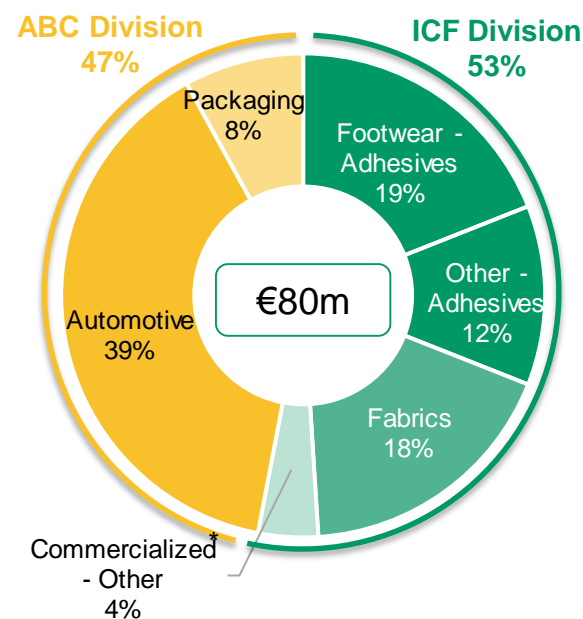
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

Geographic Area



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

Business Line

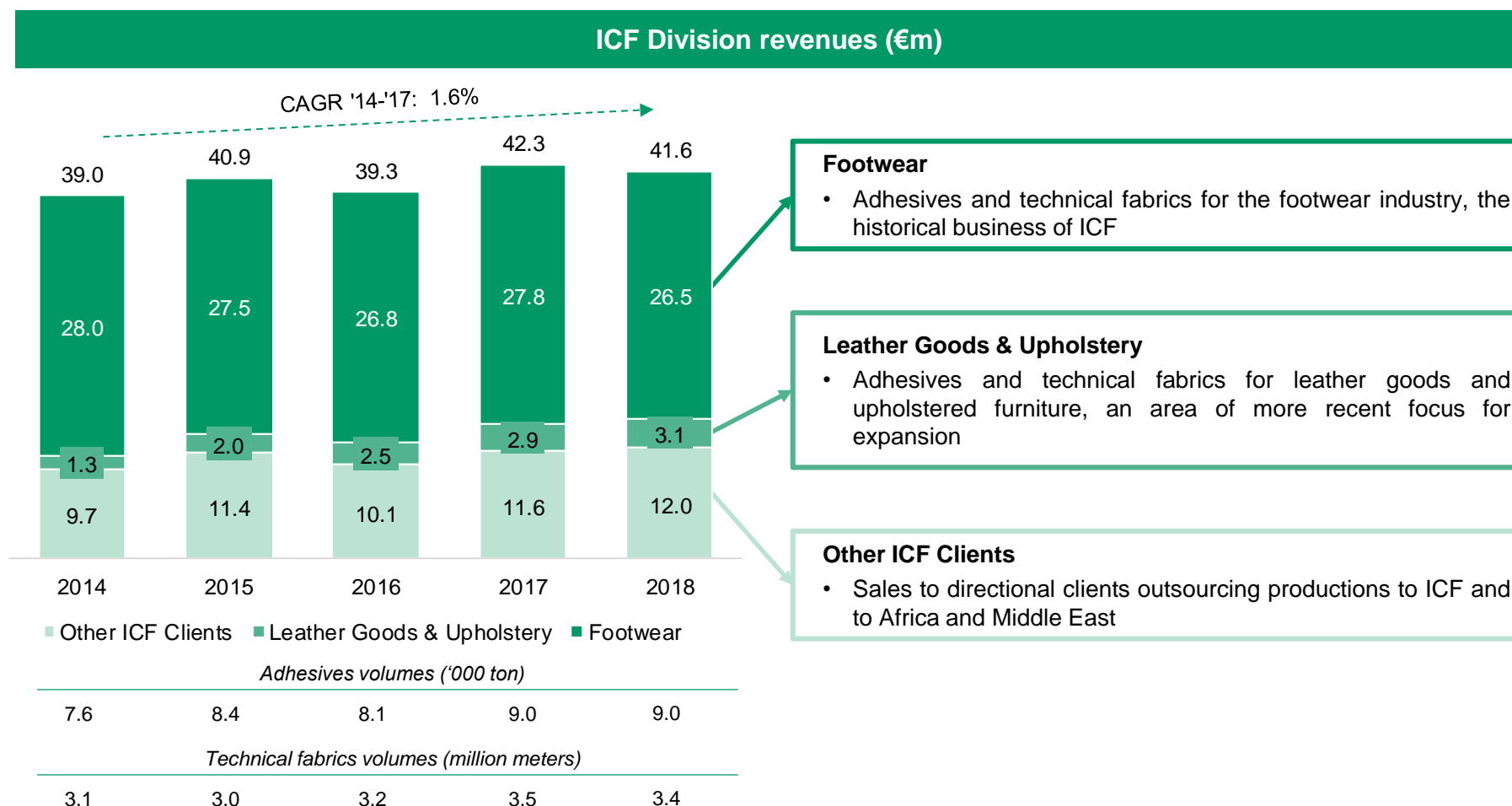


The **Automotive** and the **Footwear** market segments account for the **large majority** of revenues

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

Overview of the ICF Division: Footwear & Leather Goods

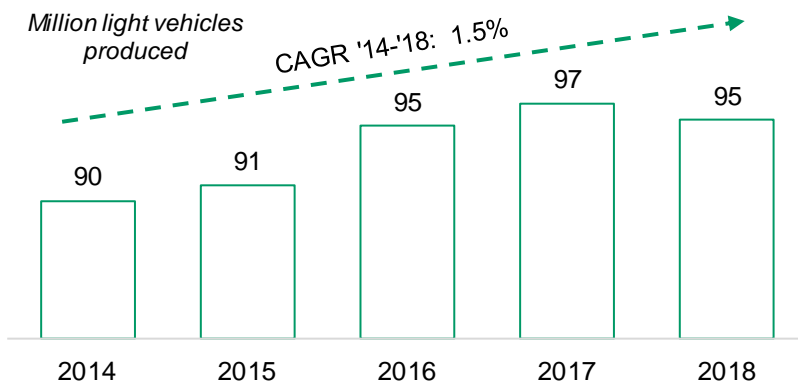
The largest portion of revenues for the ICF Division comes from Footwear (64% of ICF revenues in 2018), with Leather Goods & Upholstery accounting for 7% and Other ICF clients for 29%



Material Expansion in the Automotive Sector

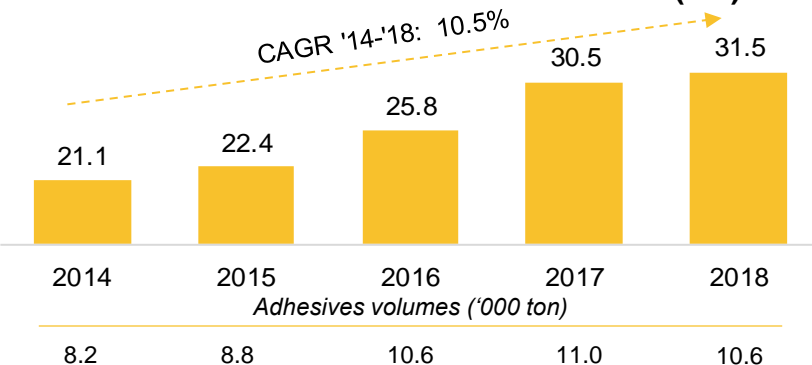
The automotive sector has been growing since 2014 by 1.5% per year with the ABC Automotive division over-performing the market with a 10.5% annual growth witnessing the high quality of products and services

Automotive end market: past evolution...



Source: International Organization of Motor Vehicle Manufacturers (OICA), Vehicle Production

ABC Automotive: Revenues 2014-2018 (€m)

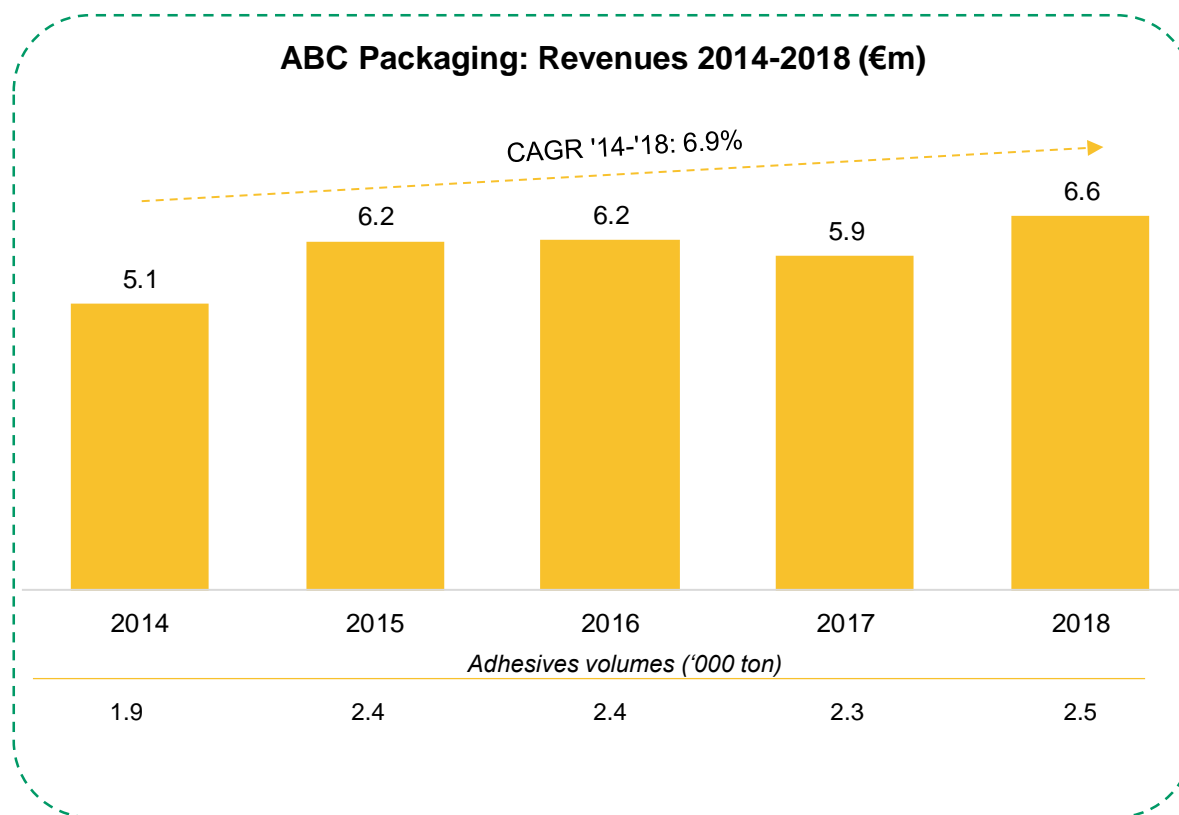


Source: ICF Information



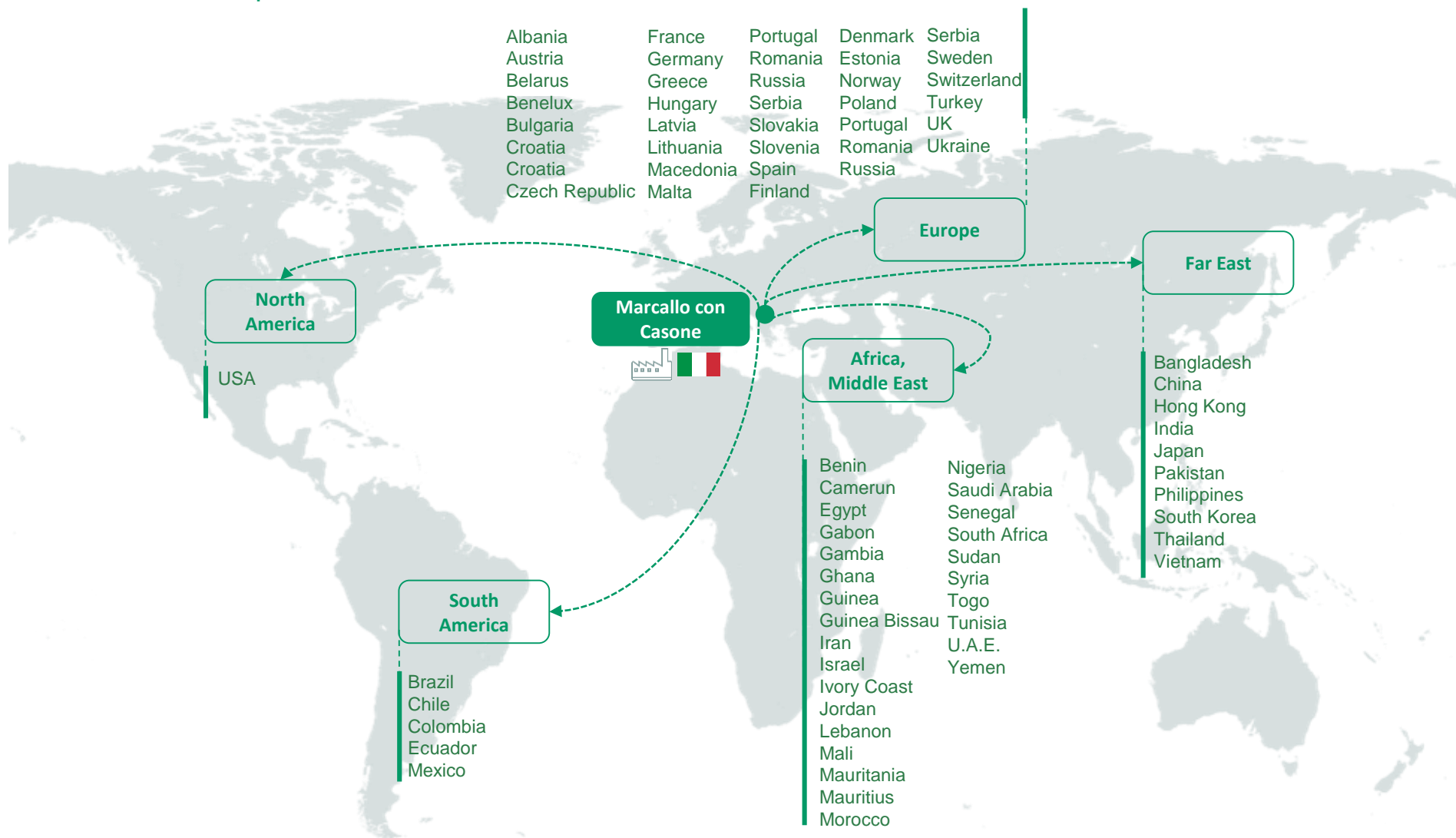
Higher Growth Expected in the Flexible Packaging Sector in 2019

ABC Packaging grew at a 6.9% CAGR over the last 5 years. The slight decrease in sales in 2017 was also caused by the shortage of some key raw materials



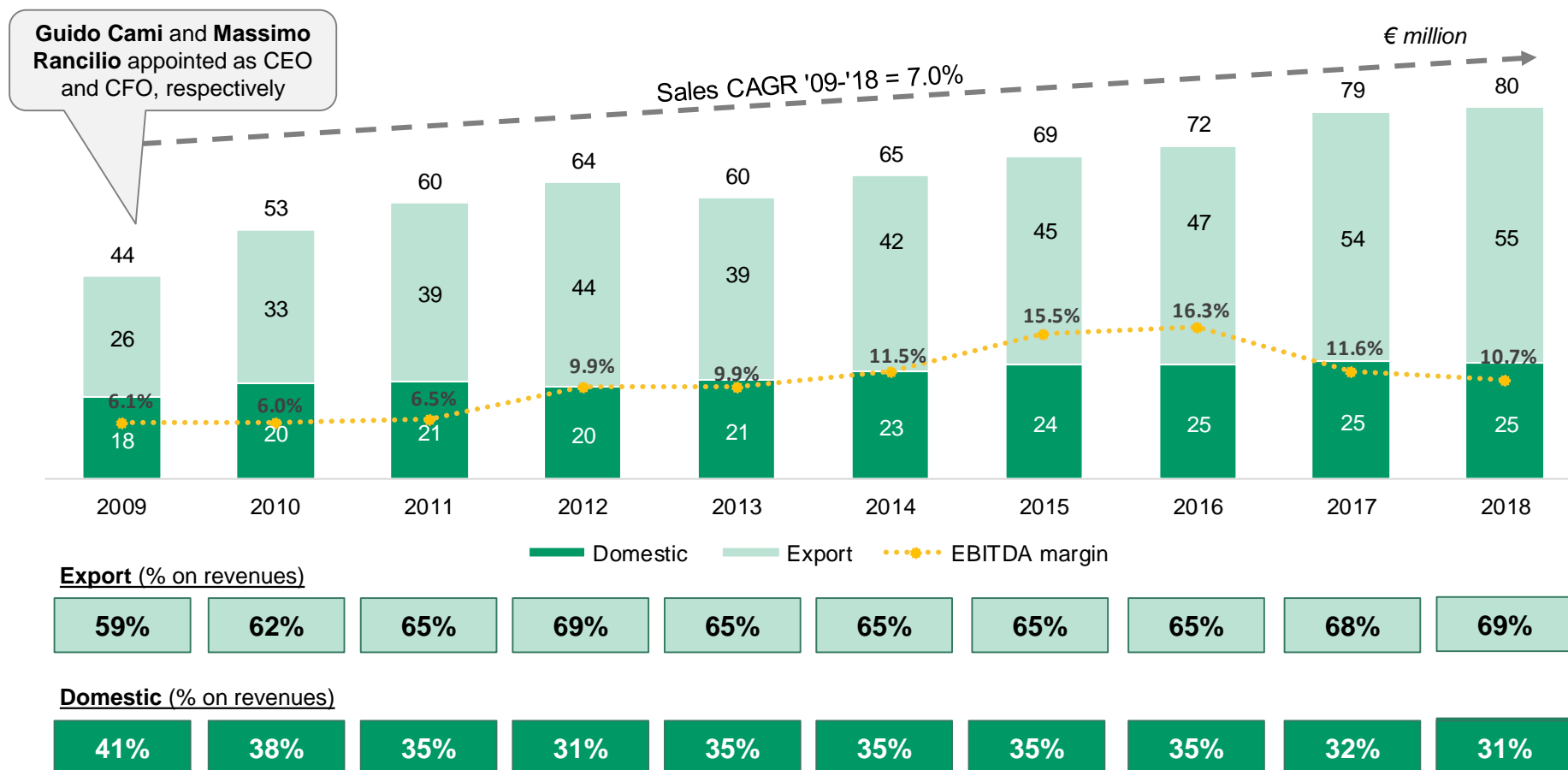
From Italy to the rest of the world

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



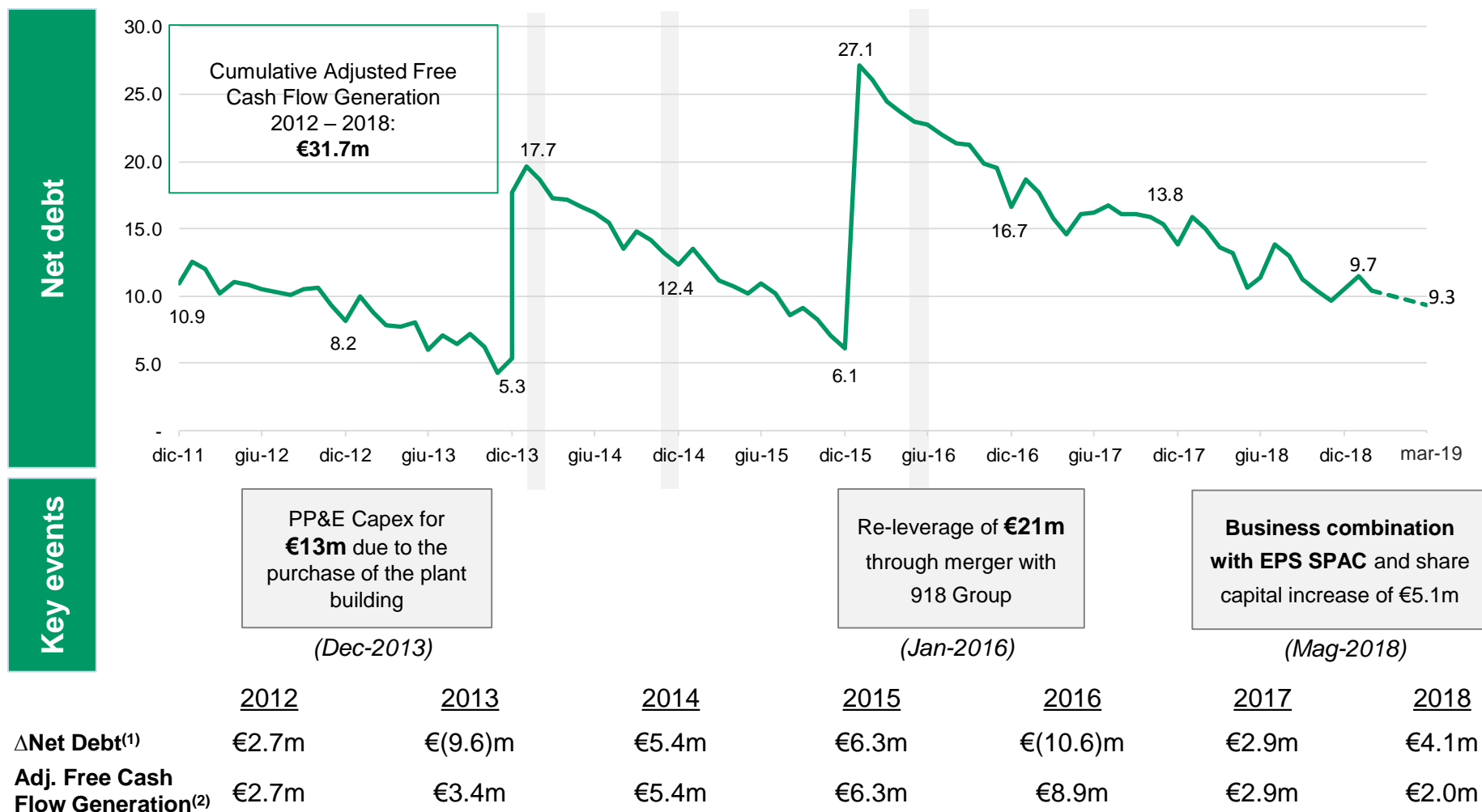
Substantial growth further accelerating on Export

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

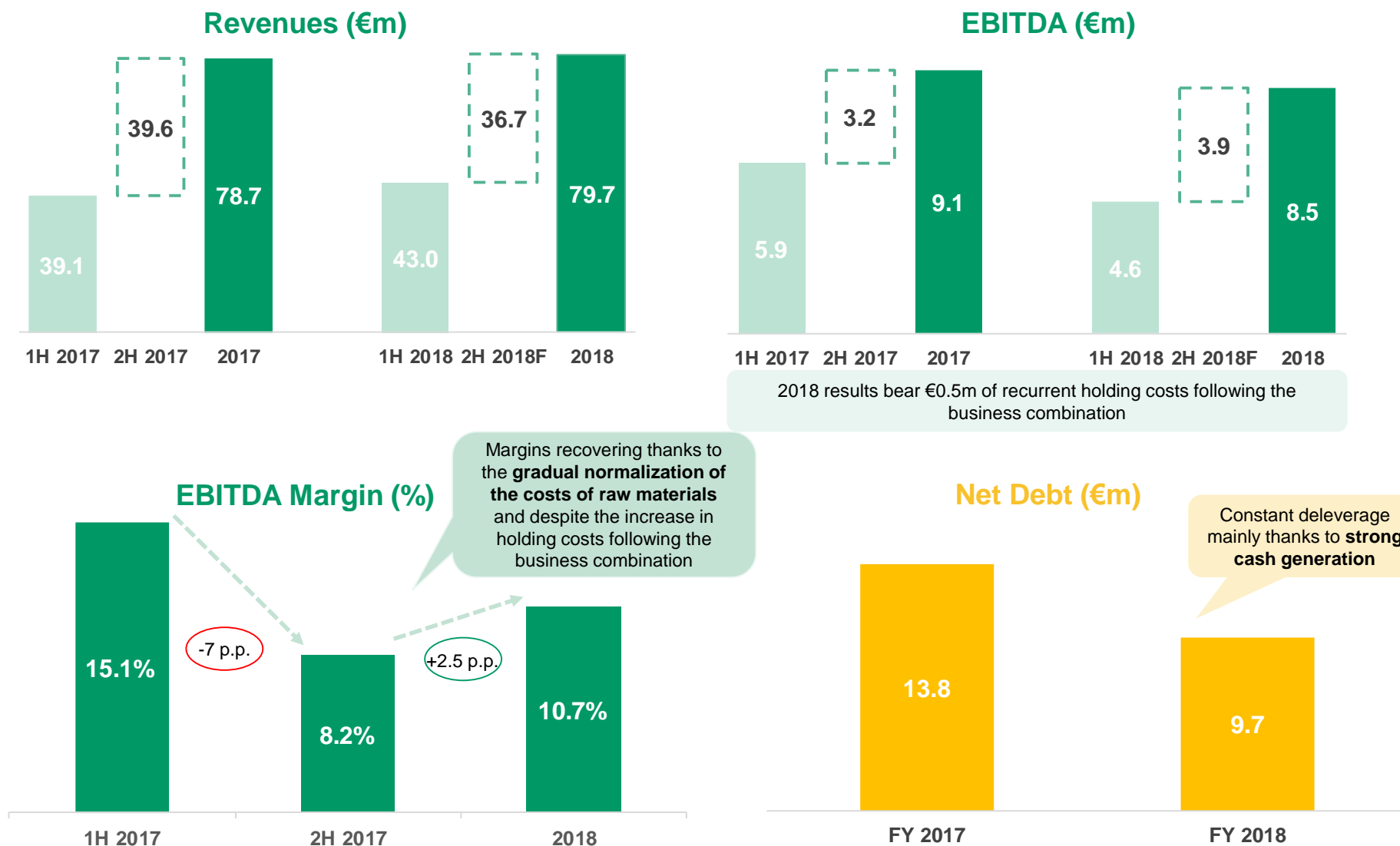
Cash-generative business which has been able to manage 1 extraordinary capex and 1 re-leverage in 6 years



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 and in 2018 for the cost of the stock option plan and the share capital increase.

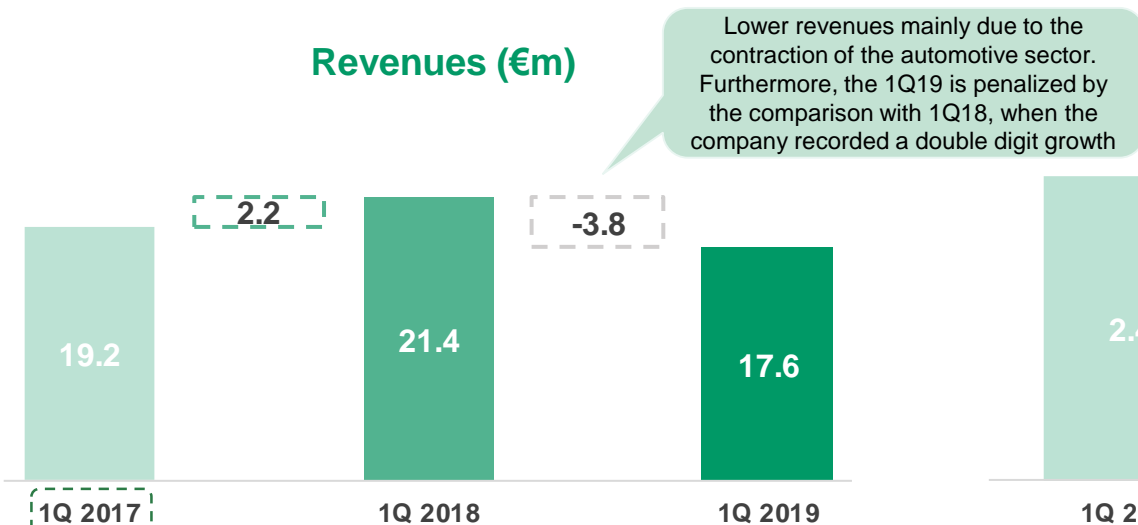
Source: ICF Information

Full Year 2018 pro-forma* financial highlights: margins recovery and constant FCF

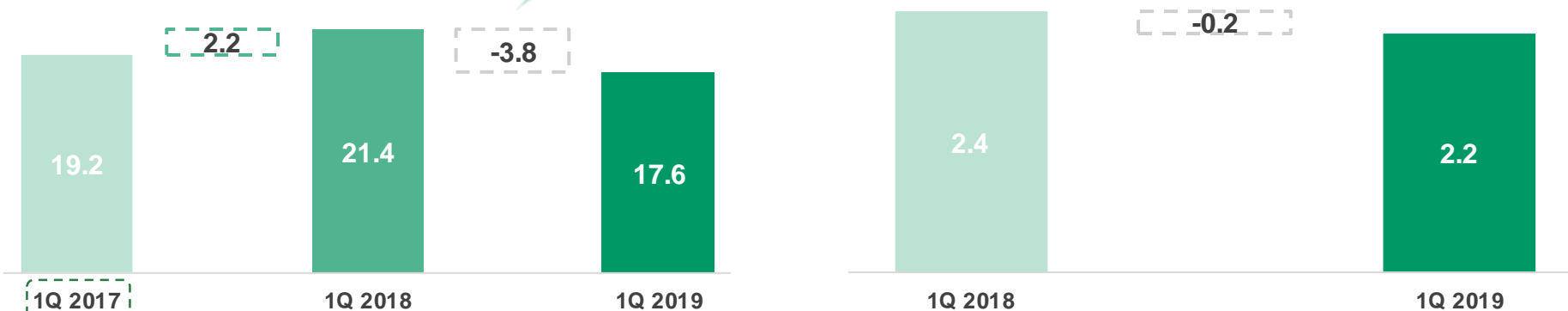


First Quarter 2019 pro-forma* financial highlights

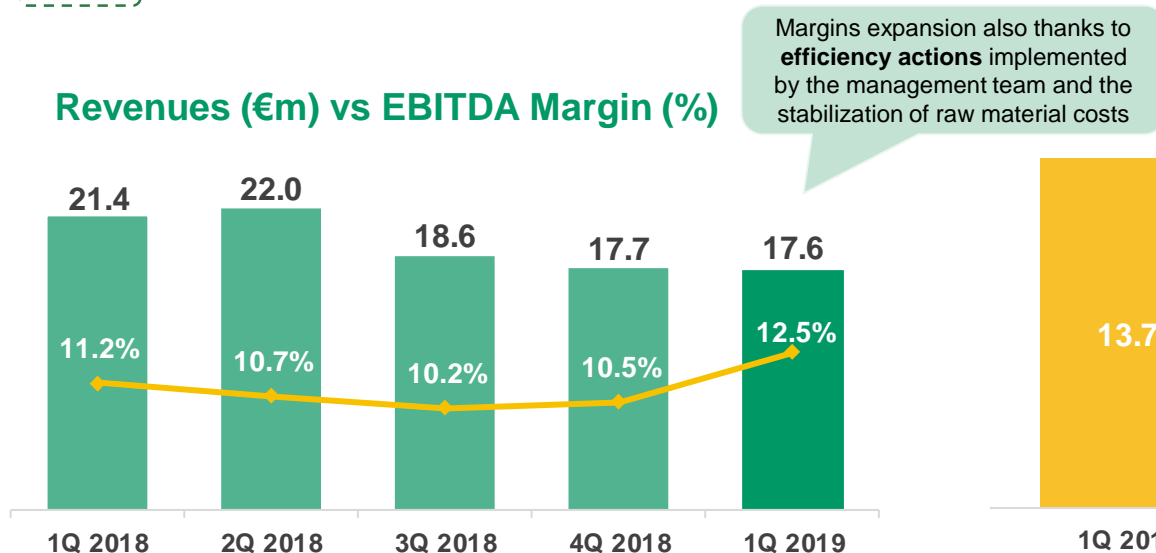
Revenues (€m)



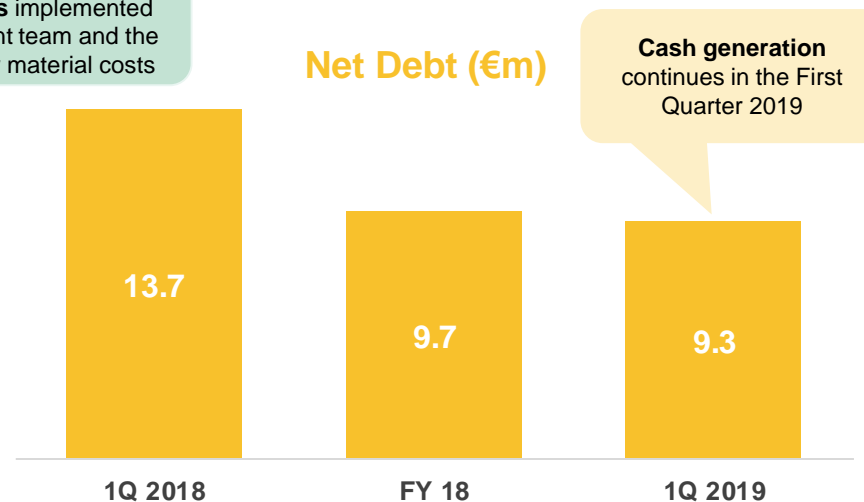
EBITDA (€m)



Revenues (€m) vs EBITDA Margin (%)



Net Debt (€m)



Income Statement ICF Group 2017-2018

	€ m	2017	2018*	YoY %
	Revenues	78.7	79.7	1.3%
	Other revenues	0.1	0.3	
1	Total revenues	78.8	80.0	1.5%
	Cost of materials	(52.0)	(52.9)	
2	First margin	26.9	27.1	1.1%
	<i>Margin (%)</i>	<i>34.1%</i>	<i>34.0%</i>	
	Services	(8.9)	(9.7)	
	Production	(3.2)	(3.5)	
	Commercial	(4.6)	(4.6)	
	G&A	(1.2)	(1.7)	
	Cost of labor	(8.8)	(8.9)	
3	EBITDA	9.1	8.5	-6.6%
	<i>Margin (%)</i>	<i>11.6%</i>	<i>10.7%</i>	
4	D&A	(4.9)	(7.4)	
	Write-downs and provisions	(0.1)	(0.1)	
	EBIT	4.1	1.0	
	<i>Margin (%)</i>	<i>5.2%</i>	<i>1.2%</i>	
	Financial income / (expenses)	(1.2)	(0.9)	
	Extraordinary income/(expenses)	0.1	(3.0)	
	EBT	2.9	(2.9)	
	Tax	(1.7)	(0.9)	
	Net income	1.3	(3.8)	
	<i>Margin (%)</i>	<i>1.6%</i>	<i>-4.8%</i>	
	<i>Net Income Adjustments</i>	<i>3.0</i>	<i>7.7</i>	
5	Adjusted Net Income	4.3	3.9	

Comments on the P&L

- 1 Total revenues increased from €78.7m in 2017 to €79.7m in 2018 (+ 1.3% YoY) thanks to the growth achieved in the automotive (+3% YoY) and packaging (+12% YoY) segments. Sales towards the manufacturing segment (footwear, leather goods and upholstery) slightly decreased (-2% YoY). Revenues growth was driven by an average increase in prices (+4%) that outweigh the decrease in volumes (-2%).
- 2 The 2018 **first margin** is in line with previous year, gradually recovering after the steep decrease registered in 2017 (-7 p.p.) following the extraordinary increase in the prices of raw materials occurred in the second half of 2017.
- 3 In **2018**, EBITDA includes €0.5m recurring service costs related to the consolidation of ICF Group. Therefore, on a like-for-like basis, 2018 EBITDA is in line with previous year. **EBITDA margin gradually improved to 10.7%** (vs. 8.2% in H2 2017) thanks to the gradual normalization of the costs of raw materials and the increase in selling prices.
- 4 The D&A in 2017 include **€3m of goodwill amortization**, deriving from the merger of 918 Group Srl (former holding) and Advanced Based Chemicals Srl ("ABC") into ICF S.p.A.. In 2018, on a full-year basis, goodwill amortization increased to €5.4m due to the business combination with EPS Equita PEP SPAC.
- 5 The **adjusted net income** for 2017 is **€4.3m** and it is calculated grossing up the amortization of goodwill for **€3.0m**, a non-deductible costs. In **2018**, **net income** has been **adjusted** for after-tax non-recurring costs related to the stock option plan (€2.3m) and goodwill amortization (€5.4m)

Balance Sheet ICF Group 2017 – 2018

€ m	2017	2018*
Inventory	11.2	10.7
Accounts receivables	20.1	18.6
Accounts payable	(18.0)	(12.8)
1 Trade working capital	13.2	16.5
Total other assets / (liabilities)	(1.1)	(2.0)
Working capital	12.1	14.4
2 Intangible assets	28.3	55.7
Tangible assets	16.8	16.0
<i>Building</i>	7.5	7.2
Financial assets	0.0	-
Fixed assets	45.2	71.7
Employees' leaving indemnities	(0.8)	(0.8)
Net invested capital	56.5	85.4
Share capital	5.9	38.0
Reserves	32.6	33.8
Net income	4.3	3.9
Shareholders' equity	42.7	75.7
LT debt	20.4	18.4
ST debt	2.3	2.3
Other financial debt	-	-
Financial debt	22.7	20.7
Cash & equivalents	(8.9)	(11.0)
2 Net financial position	13.8	9.7
Sources	56.5	85.4

Comments on the BS

- 1 The increase in trade working capital (+€3.7m vs 2017) is driven by a decrease in accounts payable following the strategic decision to reduce raw materials inventory during the last months of 2018.
- 2 Intangible assets as of FY2018 include **€54m of goodwill** arising from the business combination with EPS Equita PEP SPAC. In FY2017, intangible assets include €24m of **the residual goodwill** from the merger of 918 Group Srl, ICF and ABC.
- 3 **Net financial position** decreased to €9.7m at the end of **2018** thanks to the positive free cash flow generation and the share capital increase of €5.1m underwritten by ICF management and Private Equity Partners and despite the extraordinary payment related to the stock option plan (€3.0m) and the increase in net working capital (€3.7m).

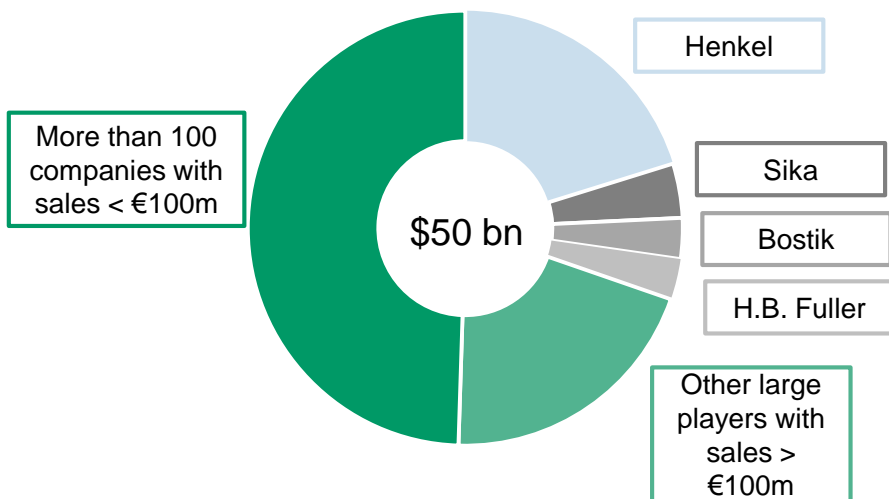
Cash Flow Statement ICF Group 2017 – 2018

€ m	2017	2018*
EBITDA	9.1	8.5
1 ΔWC	(0.9)	(3.3)
2 Capex	(1.5)	(1.3)
Financial income/(expenses)	(1.2)	(0.9)
Taxes	(2.6)	(1.1)
Operating free cash flow	2.9	2.0
Extraordinary outflows	-	(3.0)
Other cash items	0.4	0.4
Debt issuance / (reimbursement)	(0.4)	(0.4)
Change in equity	-	5.1
Free cash flow to NFP	2.9	4.1

Comments on the CF Statement	
1	In 2018, the change in trade working capital was mainly attributable to a decrease in trade payables following the strategic decision to reduce raw materials inventory during the last months of the year
2	The business model of ICF does not require high level of investment in terms of capex, therefore supporting the generation of positive cash flows

Adhesives & Sealants Industry: A Fragmented Market Space

Major Players



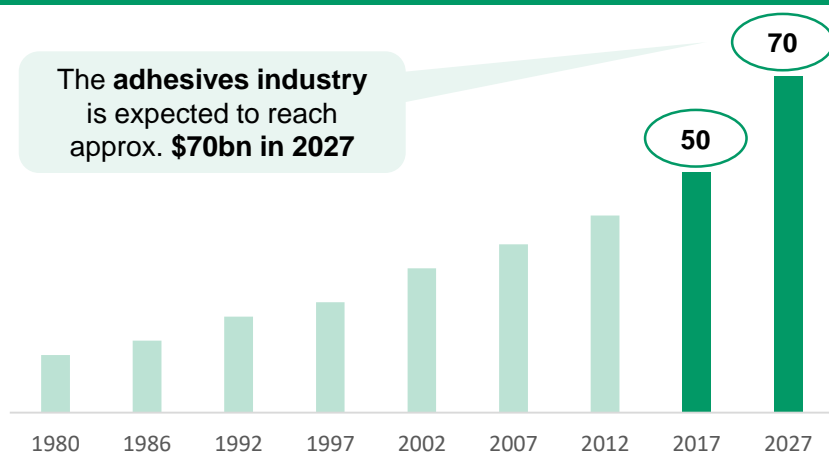
- A **50 billion dollar market** with strong growth drivers (3% to 3.5% a year), which is expected to reach \$70bn by 2027
- From organic growth to expansion through **value accretive bolt-on** acquisitions, delivering high synergies as a combination of:

Purchasing synergies: raw materials, goods and services, logistics

Operational excellence

Commercial synergies: new geographies, new markets, new products

Adhesives industry – Market value (\$bn)



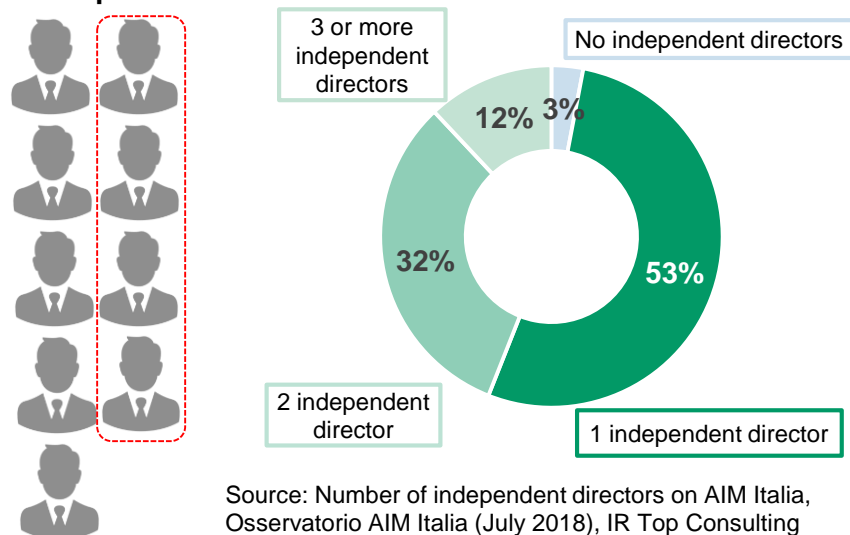
ICF Group wants to act as a consolidator, exploiting:

- 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 up to 9 members, of which up to **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
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»*)

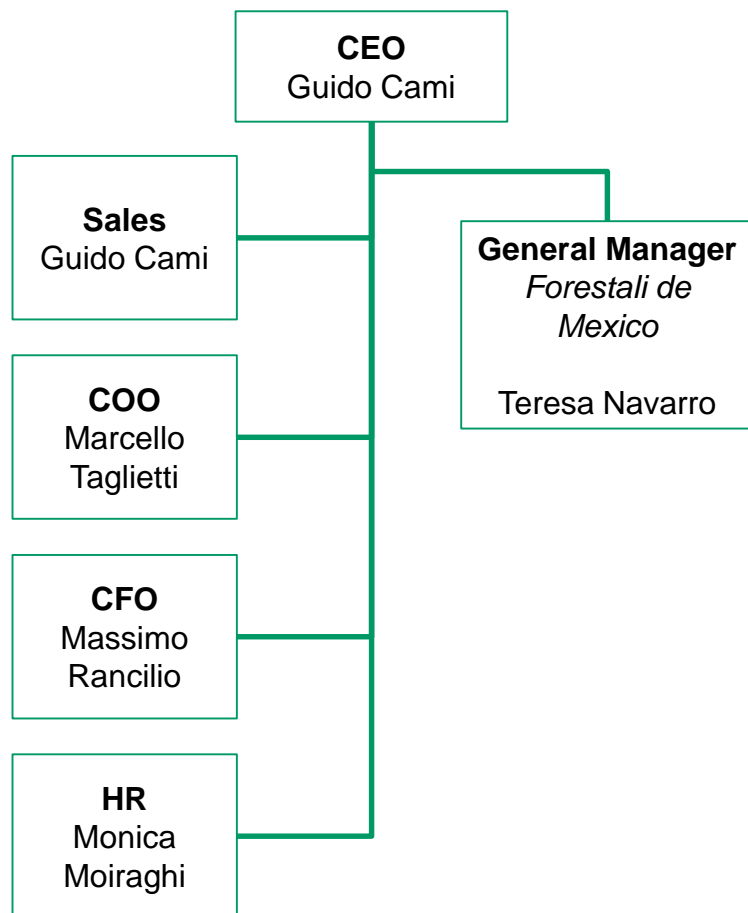
Renewal costs of certifications
 +
 3 dedicated resources
 =
€400k / 500k per year to maintain **commercial certifications**

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

Appendix

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
- 9+ 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)
- 9+ 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

ICF Board of Directors



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

**ICF Group S.p.A.
www.icfgroupspa.it**

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