



We are invisible. But we are everywhere.

IR Top AIM Investor Day – 27 Novembre 2018
Investor Presentation

November 27, 2018

www.icfgroupspa.it

EPS
EQUITA PEP SPAC 2

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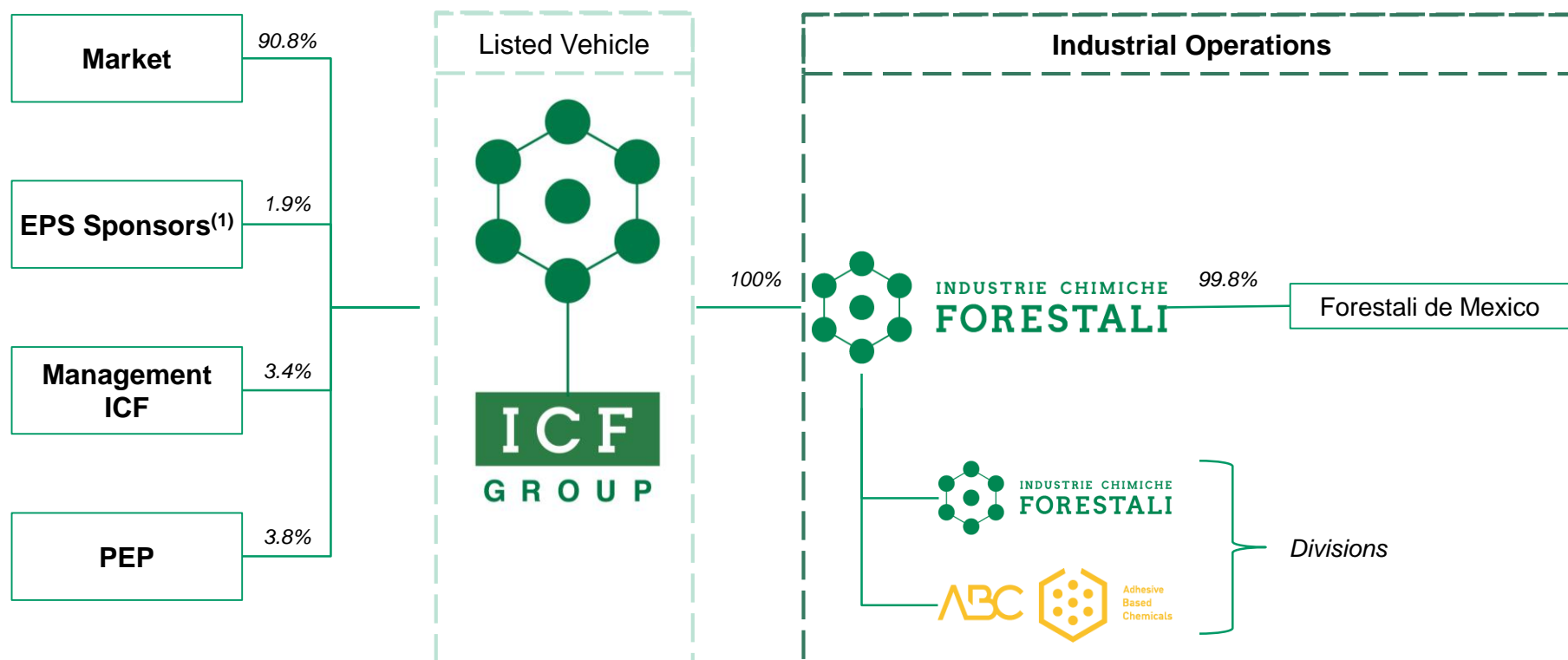
This presentation focuses on the industrial operations of Industrie Chimiche Forestali. The full year financial figures presented refer to the results of Industrie Chimiche Forestali S.p.A. ("ICF S.p.A."), whereas the half year financial results refer to ICF Group S.p.A. ("ICF Group").

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ICF Group, a new public company listed on AIM Italia

Since the Business Combination, ICF Group (former EPS Equita PEP SPAC) 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



The «Invisible Power»

Footwear & Leather Goods



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

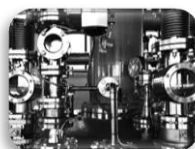


Adhesive is used to glue different components of the upholstery

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

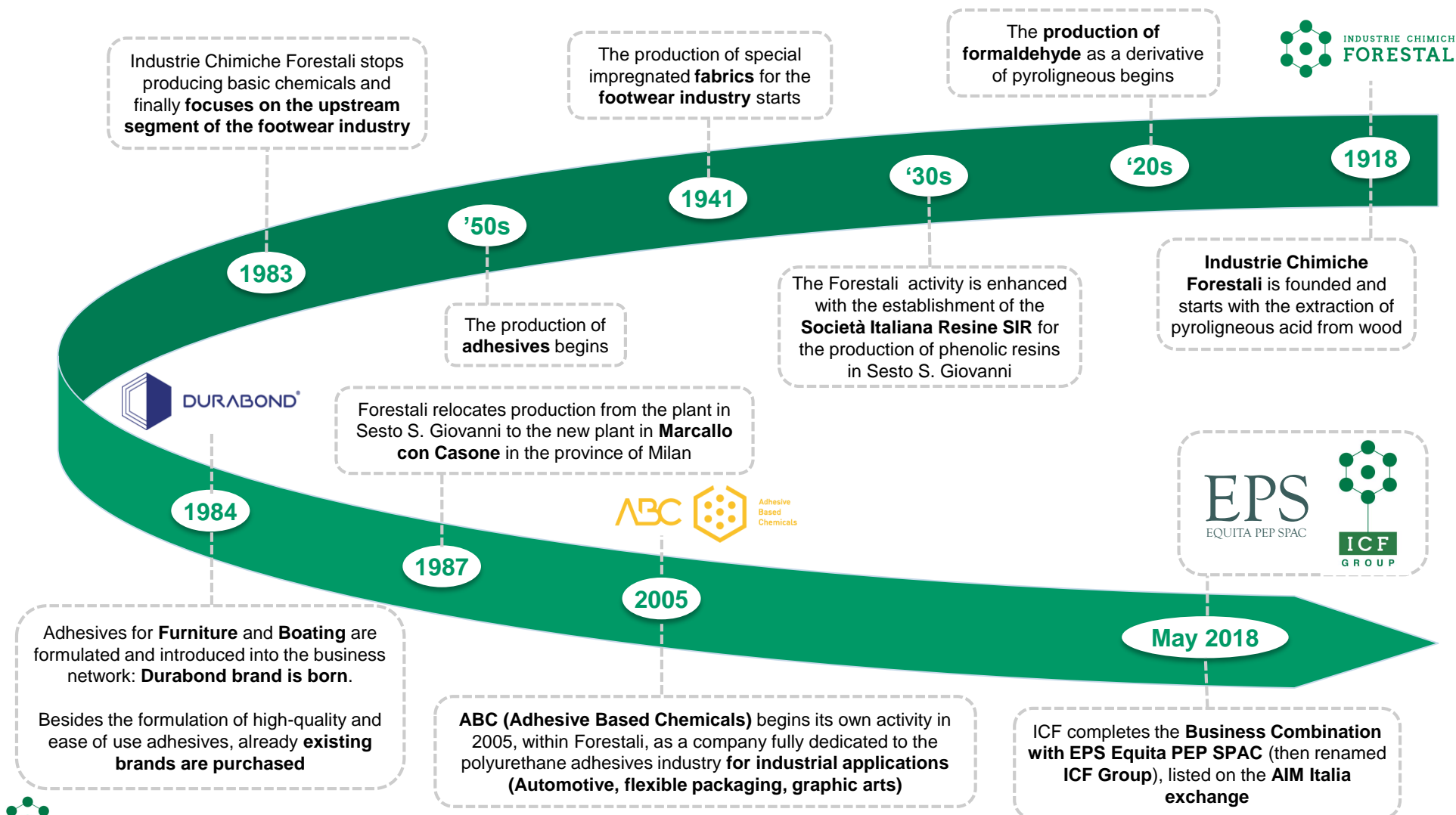


The pins used in the staplers and similar objects

...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)

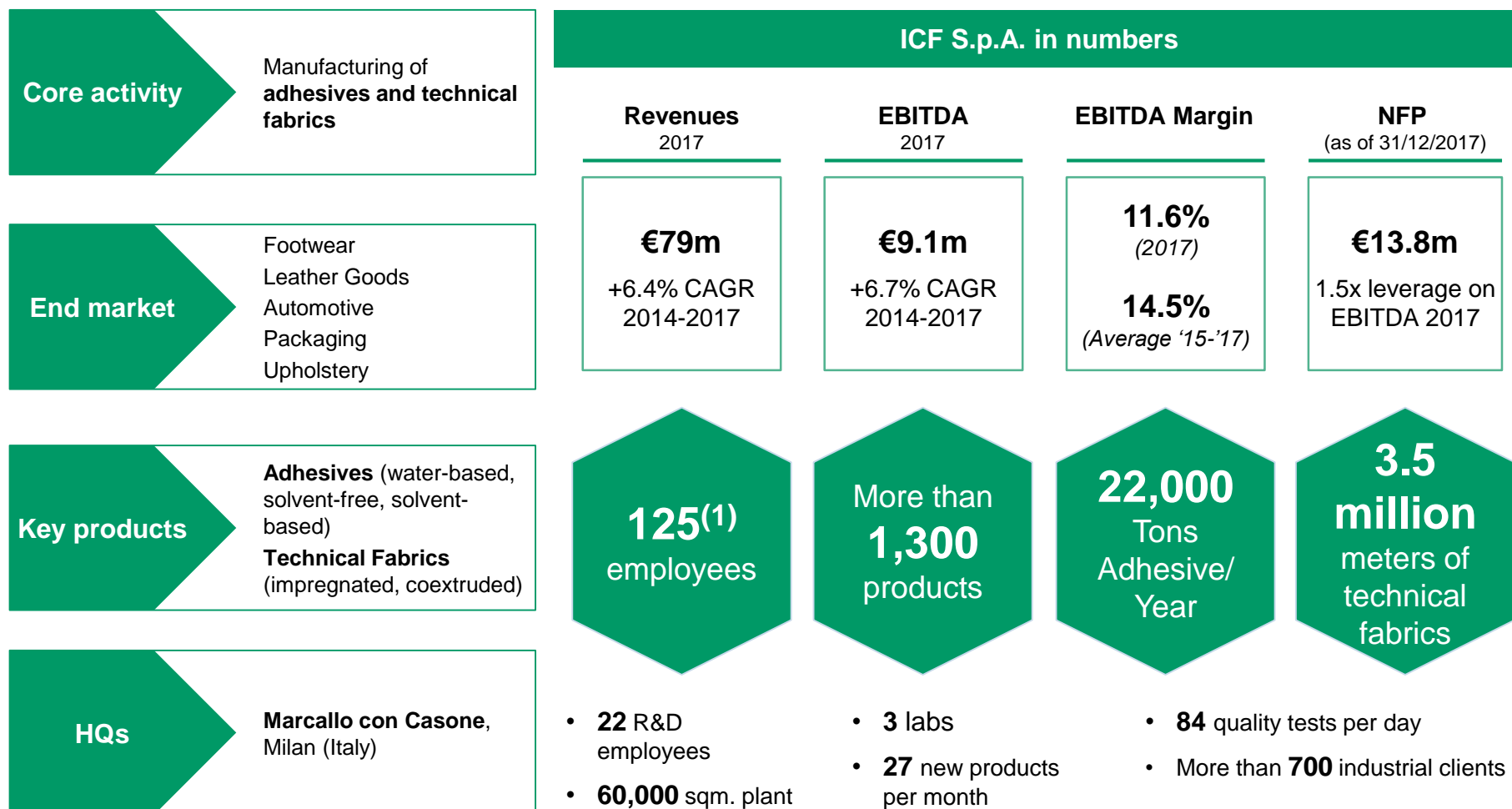
Product quality, customized solutions and reliability are key drivers to serve clients

Industrie Chimiche Forestali: a 100-year History



Source: company website

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

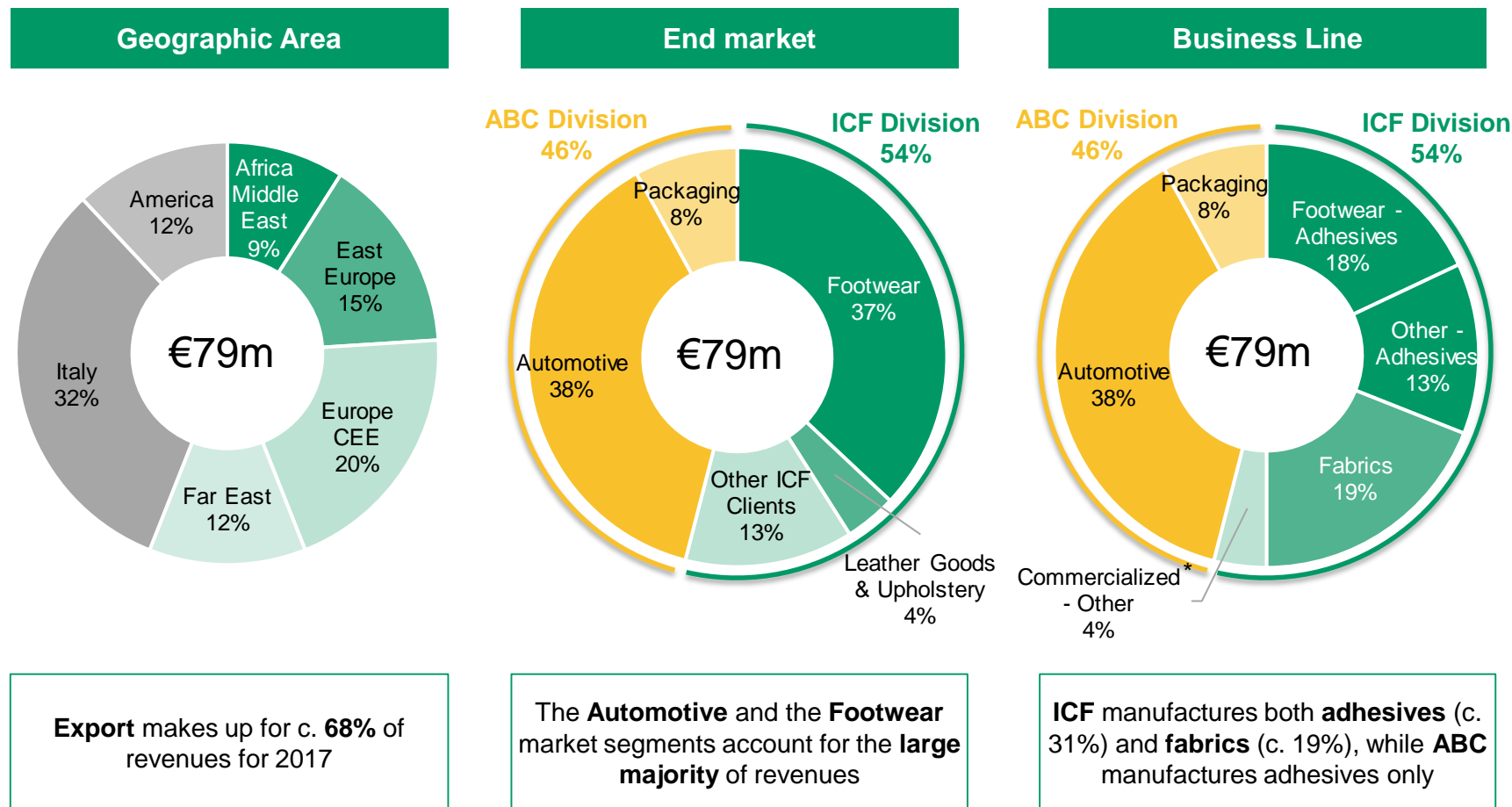


Note: (1) As of 31/12/2017 (2) Ownership structure of ICF Group S.p.A that fully controls ICF S.p.A. The computation includes the number of ordinary shares resulting from the conversion of Special shares at Business Combination

Source: ICF Information

A Balanced Portfolio with a Global Exposure

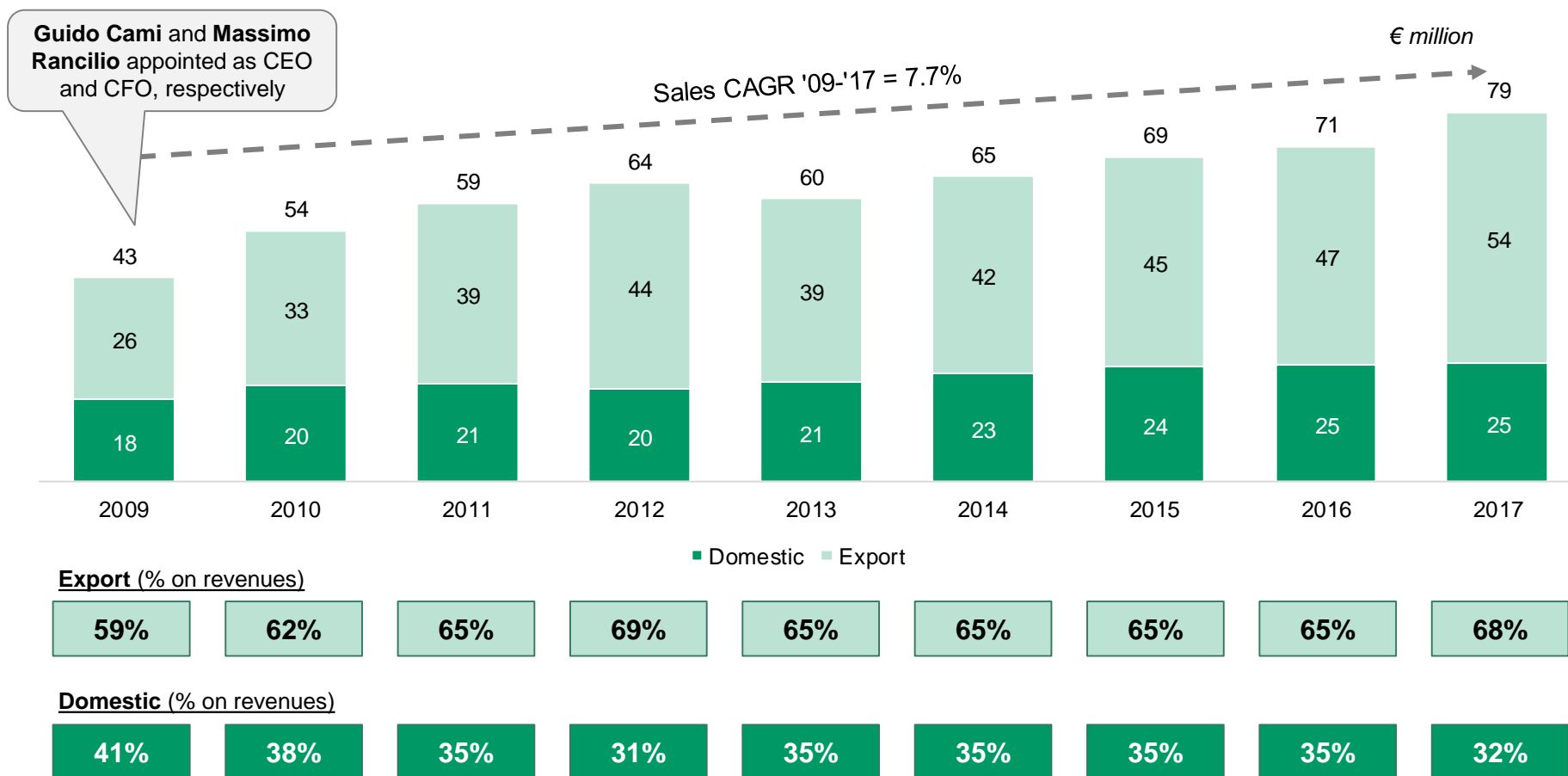
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors



Note: (*) «Commercialized» indicates products purchased and resold to final customers
Source: ICF Information

Substantial growth accelerating on Export

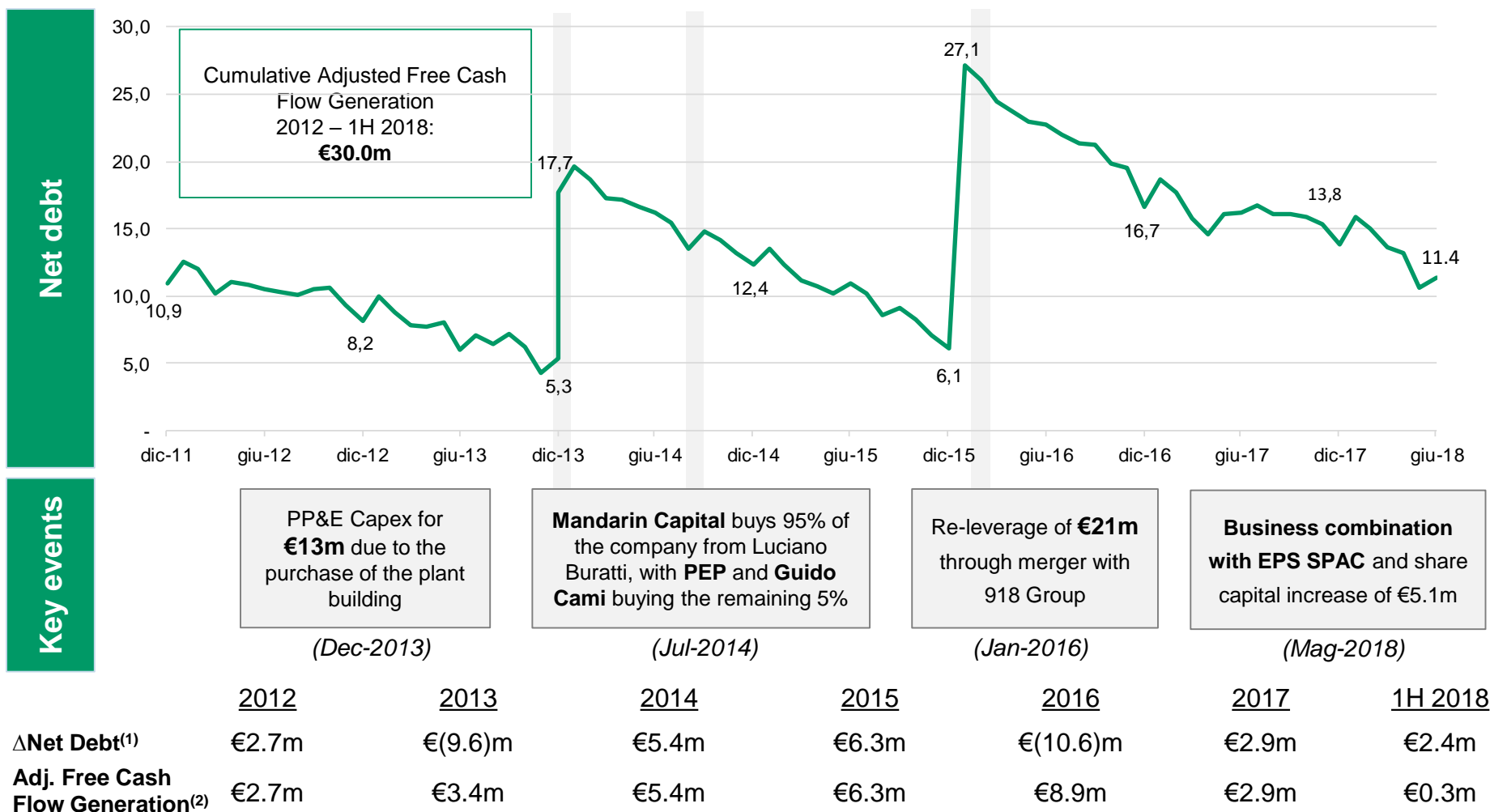
Sales have been growing at high single digit since 2009 with export accounting for 68% of group revenues in 2017



Source: Company financial statements

Material Free Cash Flow Generation

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

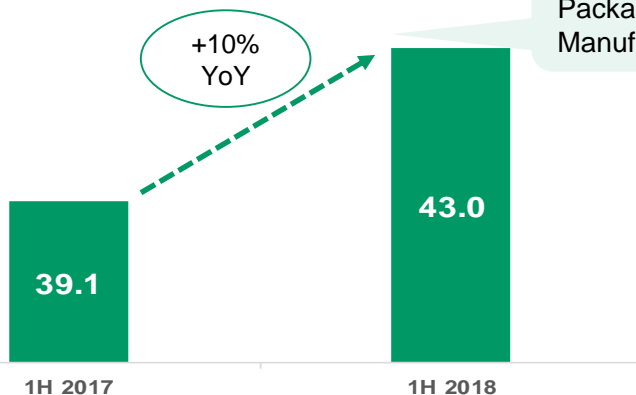


Note: (1) No dividends have been paid since 2012 (2) Adjusted for extraordinary outflow given by leverages in December 2013 and January 2016, for changes in the perimeter of consolidation and in 1H 2018 for the cost of the stock option plan.

Source: ICF Information

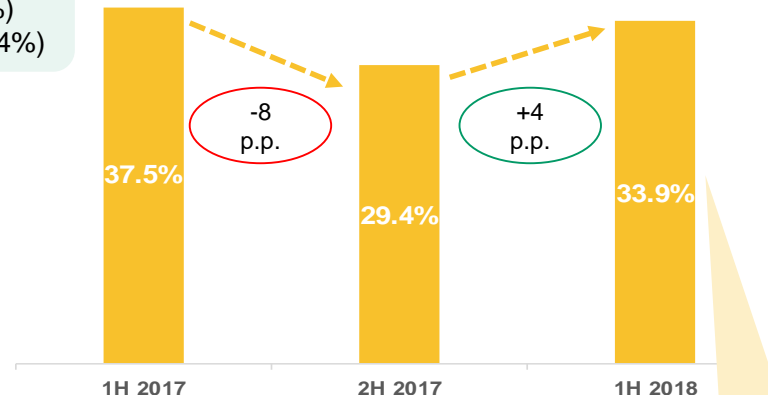
Half Year Results ICF Group – Top line growth coupled with margins recovery

Revenues (€m)



Automotive (+18%)
Packaging (+25%)
Manufacturing (+4%)

First Margin (%)

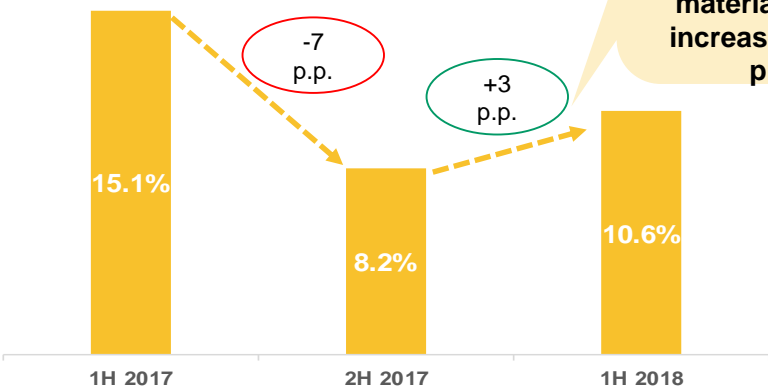


EBITDA impacted by the sharp increase in the costs of raw materials, especially in 2H 2017

EBITDA (€m)



EBITDA Margin (%)



Margins sequentially increased thanks to the gradual normalization of the costs of raw materials and the increase in selling prices

Note: In the months following the first half 2018 margins benefited from a decrease in costs of some raw materials despite a slowdown in sales mainly caused by the manufacturing business (please see press release of September 27, 2018)

Source: ICF Information

Future Actions

Strategic actions for 2018-2020



- Development of **geographic areas** for **Footwear**
- China, India, Brazil, Vietnam, Indonesia



- Production of **water-based adhesives** in **Asia**

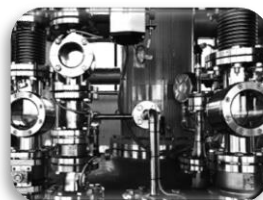


- Development of **geographic areas** for **flexible packaging**
- Egypt, Middle East



- Increase in sales of **linings and reinforcing** (started in 2017), in Italy and abroad

In the mid term



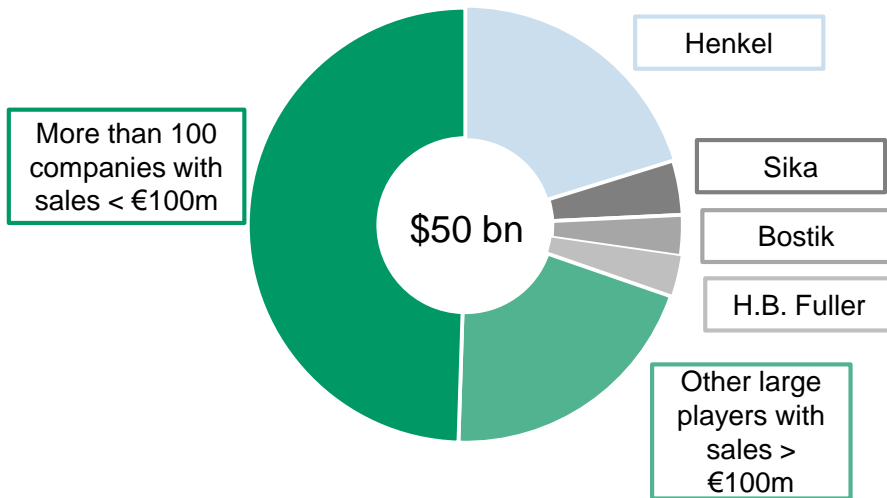
- Development of a new project for adhesives with **extruded materials**



- Project for a new **delivery system** of adhesives

Adhesives & Sealants Industry: A Fragmented Market Space

Major Players



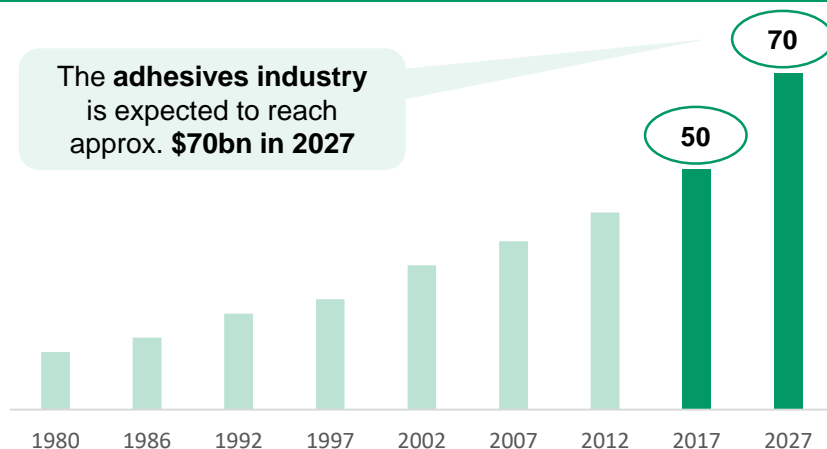
- A **50 billion dollar market** with strong growth drivers (3% to 3.5% a year), which is expected to reach \$70bn by 2027
- From organic growth to expansion through **value accretive bolt-on** acquisitions, delivering high synergies as a combination of:

Purchasing synergies: raw materials, goods and services, logistics

Operational excellence

Commercial synergies: new geographies, new markets, new products

Adhesives industry – Market value (\$bn)



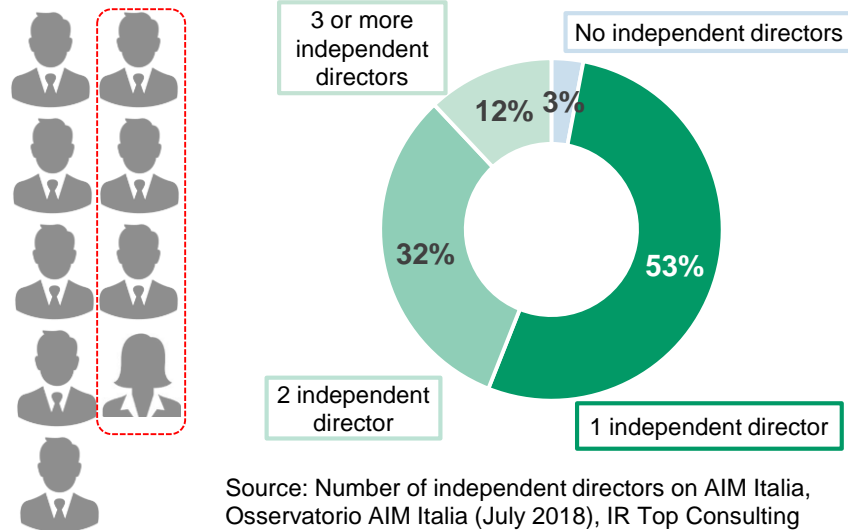
ICF Group wants to act as a consolidator, exploiting:

- 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** (including **1 woman**)



- 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

Note: (1) Registration, Evaluation, Authorization and Restriction of Chemicals (18 December 2006)

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»*)

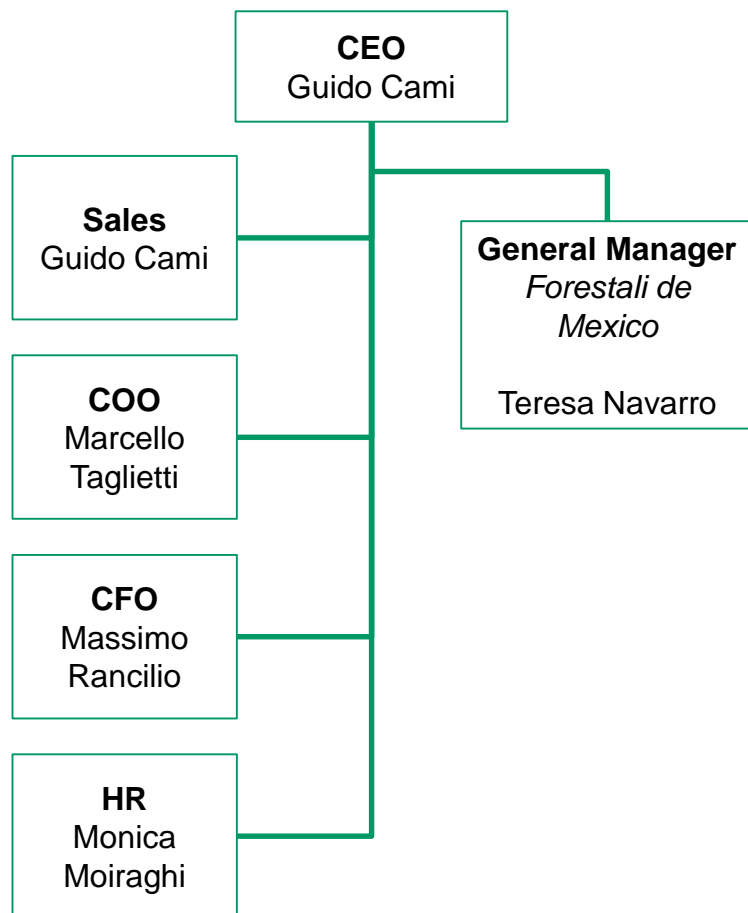
Renewal costs of certifications
 +
 3 dedicated resources
 =
€400k / 500k per year to maintain **commercial certifications**

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

Appendix

Organizational Structure and Key Management

Organizational structure with 125⁽¹⁾ people coordinated by...



...an experienced management



Guido Cami *Chief Executive Officer*

- Graduated in Management Engineering at Politecnico di Milano
- 28 years of experience in industrial companies (Pirelli, Manifattura di Legnano, Vibram, Pechiney, Crespi, Forestali)
- Expertise: Production, Logistics, Operations, R&D, Commercial, Managing Direction
- 8+ years in Forestali as CEO



Marcello Taglietti *Chief Operating Officer*

- 25+ years of experience in the Operations function (Ashland Chemicals, Air Products and Chemicals, KMG Chemicals)
- 1 year in Forestali



Massimo Rancilio *Chief Financial Officer*

- 18 years of experience in the Finance function (Oracle, Accenture, Hexon Specialty Chemicals, MPG Plast)
- 8+ years in Forestali



Monica Moiraghi *Human Resources*

- 27 years of experience in the HR function
- 19+ years in Forestali



Teresa Navarro *General Manager*

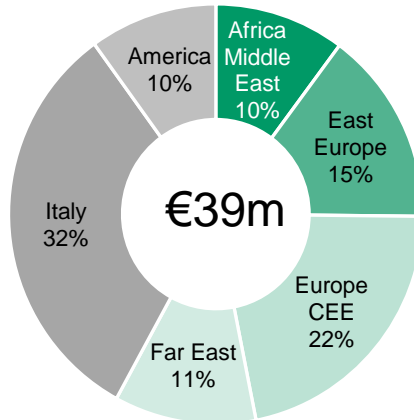
- General Manager at Forestali de Mexico
- 20+ years in Forestali de Mexico

Note: (1) As of 31/12/2017
Source: ICF information

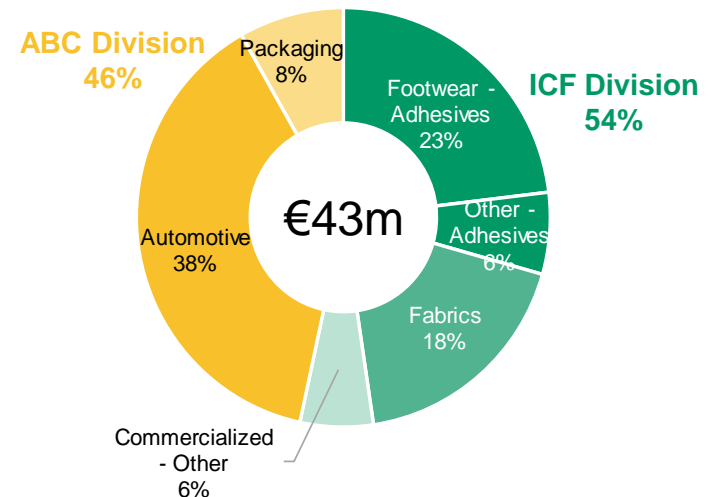
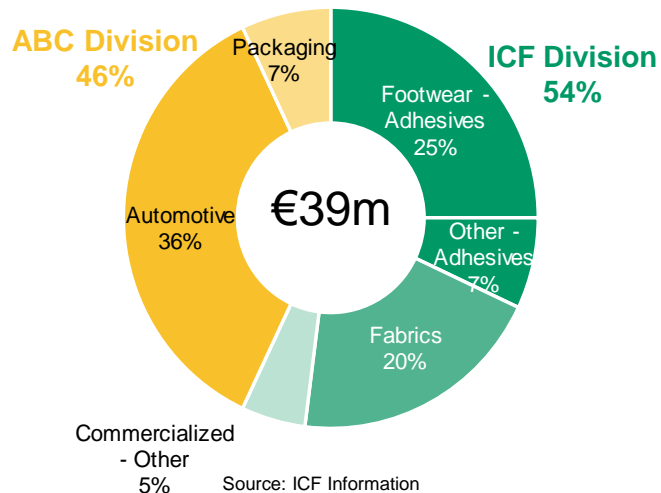
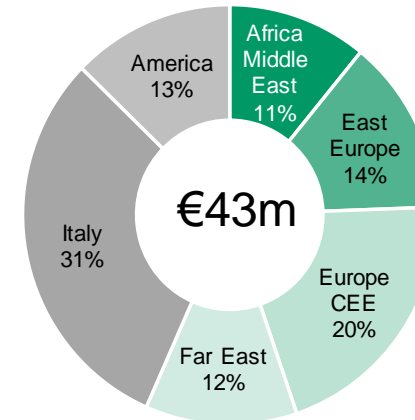
Half Year Results – Breakdown by division and region

Significant growth in all business segments compared to 1H 2017: *Automotive* +18%, *Packaging* +25% and *Manufacturing* (which includes Footwear) +4%

H1 2017



H1 2018



Income Statement ICF S.p.A. 2015 – 2017 and ICF Group S.p.A. June 2018 YTD: double digit top line growth, margins affected by extraordinary increase in raw materials

€ m	2015	2016	2017	CAGR 15-17	1H 2017 ^(*)	1H 2018 ^(*)
Revenues	69,1	71,1	78,7	6,7%	39,1	43,0
Other revenues	0,4	0,3	0,3		0,1	0,2
Total revenues	69,5	71,4	79,0	6,7%	39,1	43,1
Y-o-Y growth (%)	6,1%	2,8%	10,6%			10,2%
1 Cost of materials	(42,8)	(43,6)	(52,4)		(24,5)	(28,6)
2 First margin	26,7	27,9	26,6	-0,2%	14,7	14,5
Margin (%)	38,6%	39,2%	33,8%		37,5%	33,9%
Services	(7,6)	(8,1)	(8,4)		(4,1)	(4,8)
Production	(2,1)	(2,4)	(2,6)		(1,5)	(1,8)
Commercial	(3,8)	(3,9)	(4,1)		(2,1)	(2,4)
G&A	(1,7)	(1,8)	(1,7)		(0,4)	(0,7)
Cost of labor	(7,7)	(8,1)	(8,6)		(4,5)	(4,8)
Other costs	(0,6)	(0,1)	(0,5)		(0,2)	(0,3)
3 EBITDA	10,8	11,5	9,1	-8,0%	5,9	4,6
Margin (%)	15,6%	16,2%	11,6%		15,1%	10,6%
4 D&A	(1,6)	(4,8)	(4,9)		(2,4)	(4,0)
Amortization	(0,1)	(3,2)	(3,2)		(1,6)	(3,1)
Depreciation	(1,4)	(1,6)	(1,7)		(0,8)	(0,9)
Write-downs and provisions	(0,4)	(0,1)	(0,1)		(0,1)	(0,0)
EBIT	8,7	6,7	4,1		3,4	0,5
Margin (%)	12,6%	9,4%	5,2%		8,7%	1,2%
Financial income / (expenses)	(0,5)	(1,0)	(1,2)		(0,5)	(0,4)
Extraordinary income/(expenses)	(0,0)	(0,1)	0,1		-	(3,0)
EBT	8,2	5,6	2,9		2,9	(2,9)
Tax	(2,7)	(2,5)	(1,7)		(1,2)	(0,2)
Net income	5,5	3,1	1,3		1,7	(3,1)
Margin (%)	8,0%	4,4%	1,6%		4,4%	-7,1%
Net Income Adjustments	-	4,6	3,0		1,5	5,3
5 Adjusted Net Income	5,5	7,7	4,3		3,2	2,2

Comments on the P&L

- For FY2016 it includes €1.6m extra costs from the allocation of the merger loss⁽¹⁾ to **inventory**
- The 2017 **first margin** decreased by 7p.p. year-on-year, due to a steep increase in the prices of raw materials especially occurred in the second half of 2017.
- The **adjusted EBITDA** for FY2016, grossing up the extra costs allocated to inventory, is **€13.1m**. In **H1 2018**, EBITDA includes €0.2m recurring service costs related to the consolidation of ICF Group. **EBITDA margin gradually improved to 10.6%** (vs. 8.2% in H2 2017) thanks to the gradual normalization of the costs of raw materials and the increase in selling prices.
- The D&A from 2016 onwards include **€3m** annually of **amortization of goodwill**, 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 will increase by €3.0m due to the business combination with EPS Equita PEP SPAC. In **H1 2018**, on a half-year basis, **goodwill amortization increased by c. €1.5m**.
- The **adjusted net income** for FY2016 is **€7.7m**, and it is calculated grossing up the cited extra costs allocated to inventory for **€1.6m** and the amortization of goodwill for **€3.0m**, both non-deductible costs. The adjusted net income for FY2017 is calculated net of the impact of the goodwill amortization. In **H1 2018**, **net income** has been **adjusted** for after-tax non-recurring costs related to the stock option plan (**€2.2m**) and goodwill amortization (**€3.0m**)

Note: (1) The merger loss results from the merger between the holding company 918 Group and Industrie Chimiche Forestali on 01/08/2016

Source: ICF information; where indicated with (*), pro-forma consolidated management accounts (unaudited) of ICF Group S.p.A.

Balance Sheet ICF S.p.A. 2015 – 2017 and ICF Group S.p.A. June 2018 YTD

€ m	2015	2016	2017	1H 2017 ^(*)	1H 2018 ^(*)
Inventory	7.7	8.2	11.2	10.8	13.5
Accounts receivables	18.5	17.9	20.1	20.7	21.8
Accounts payable	(11.8)	(13.9)	(18.0)	(14.6)	(18.5)
Trade working capital	14.4	12.3	13.2	16.9	16.8
Total other assets / (liabilities)	(2.4)	(1.4)	(0.6)	(2.9)	(1.0)
Working capital	11.9	10.9	12.7	14.0	15.8
1 Intangible assets	1.1	28.3	25.3	26.7	52.6
Tangible assets	13.6	17.4	16.8	16.9	16.6
Financial assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	14.7	45.7	42.2	43.7	69.3
Employees' leaving indemnities	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Other funds	(0.4)	(0.6)	(0.5)	(0.5)	(0.6)
Net invested capital	25.5	55.1	53.5	56.3	83.6
Share capital	5.9	5.9	5.9	5.9	38.0
Reserves	8.0	29.5	32.6	32.6	37.3
Net income to the parent company	5.5	3.1	1.3	1.7	(3.1)
Minority interests	(0.0)	(0.0)	(0.0)	(0.0)	-
Shareholders' equity	19.4	38.5	39.7	40.2	72.2
LT debt	7.8	24.6	20.4	2.3	2.4
ST debt	2.5	2.6	2.3	21.5	19.3
Other financial debt	-	-	-	-	-
2 Financial debt	10.3	27.2	22.7	23.8	21.7
Cash & equivalents	(4.2)	(10.6)	(8.9)	(7.7)	(10.2)
Net financial position	6.1	16.7	13.8	16.2	11.4
Sources	25.5	55.1	53.5	56.3	83.6

Comments on the BS

- Intangible assets as of FY2017 include **€24m of the residual goodwill** from the merger of 918 Group Srl, ICF and ABC, amortized over a 10-year period. The intangible assets increase recorded at the end of H1 2018 is related to goodwill arising from the business combination with EPS Equita PEP SPAC
- Financial debt** decreased to €11.4m at the end of **H1 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 (€3.5m) due to business seasonality.

Cash Flow Statement ICF S.p.A. 2015 – 2017: Material FCF generation despite margin contraction

€ m	2016	2017	Comments on the CF Statement
Net income	3.1	1.3	<p>1 In FY2017, the change in working capital was mainly attributable to (i) a small increase in inventory and (ii) higher tax cash out due to the strongly positive results of FY2016</p> <p>2 The operating free cash flow was very positive in 2016 because of higher than average margins</p> <p>3 The group consistently generated free cash flows from operations also in 2017 regardless of the decrease in profitability</p> <p>4 The company did not distribute dividends during the period 2015-2017 and the cash generated from operations has been used to deleverage the company</p> <p>5 The business model of ICF does not require high level of investment in terms of working capital and capex, therefore supporting the generation of positive cash flows</p>
D&A	4.8	4.9	
Provisions	0.5	0.4	
Write-downs	0.0	(0.1)	
1 ΔWC	1.4	(2.2)	
Other cash items	-	-	
2 Cash flows from operations	9.8	4.4	
Tangible capex	(0.7)	(1.2)	
Intangible capex	(0.2)	(0.3)	
Investment in Financial assets			
Cash flows from investing	(0.9)	(1.5)	
3 Operating Free Cash Flow	8.9	2.9	
Debt issuance / (reimbursement)	(2.6)	(4.6)	
Cash flows from financing	(2.6)	(4.6)	
4 5 Available cash flows	6.3	(1.7)	

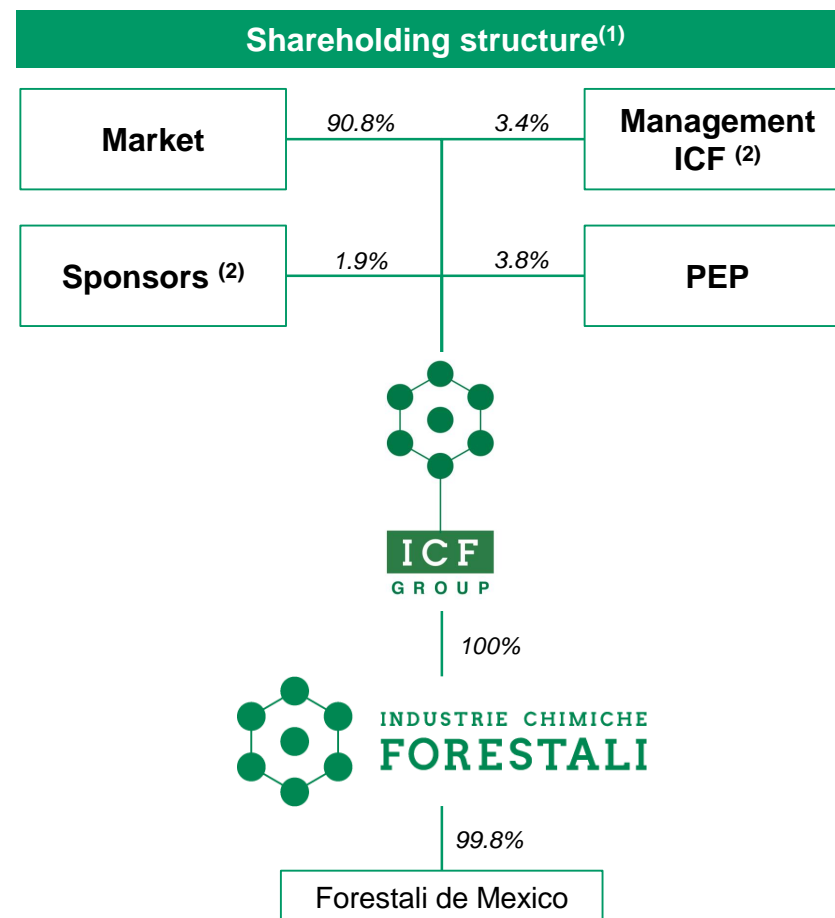
Source: ICF information; where indicated with (*), consolidated management accounts (unaudited)

A public company with full alignment of interests and over 90% free float

The Management and Private Equity Partners injected new financial resources in the Group for future development

- ICF Group **free float** is more than **90%**, the market is the **dominant shareholder**
- Being a public company with a **fragmented ownership**, opens up to **stock-for-stock targeted acquisitions** to broaden the product portfolio and served markets
- At the business combination (May 2018) the **Management and PEP** subscribed a **€5.1m ICF Group capital increase** (€2.2m contributed by the management and €2.9m by PEP) **@ €10 per share** with a full alignment of interests with the market. They all agreed to a **36 months lock-up clause**
- EPS Spac Sponsors sold 20% of their special shares to the management** as a further incentive for performance

As of May 21, 2018, the total number of shares is 7,695,087, of which **7,542,913 ordinary shares and 152,174 special shares**



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



Paola Giannotti de Ponti
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

1



1



1

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.



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

**Sede legale in Marcallo con Casone, via Fratelli
Kennedy, n. 75**

Investor relations: icfgroupspa@forestali.it

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