

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

**ICF Group**  
**Investor presentation**  
AIM Conference – May 25, 2020

**ICF**GROUP

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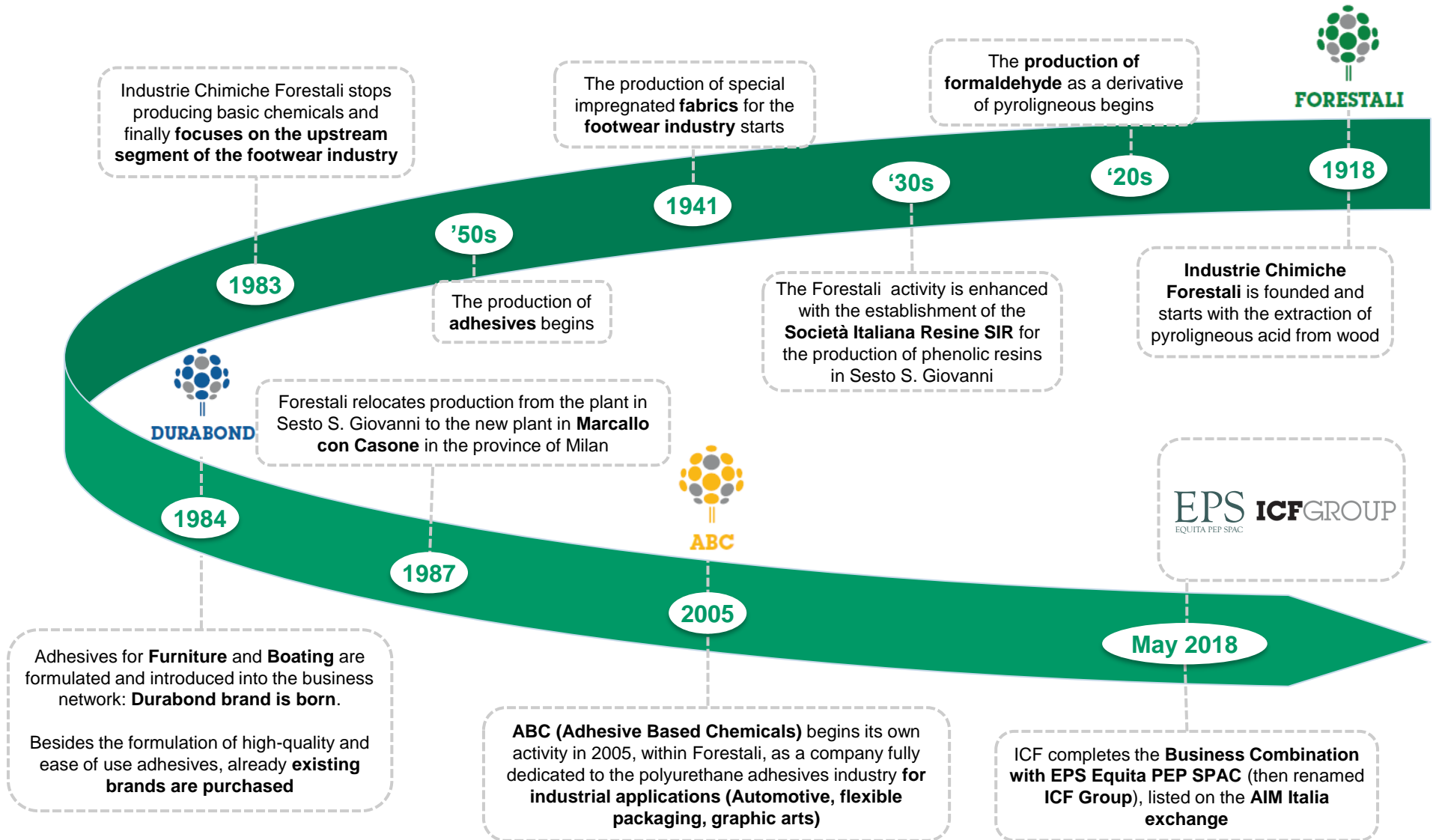
## ICF Group, a public company listed on AIM Italia

ICF Group is a leading player in the technical adhesives and fabrics business with over 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

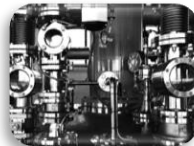
**The «Invisible Power»**

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

**Automotive**

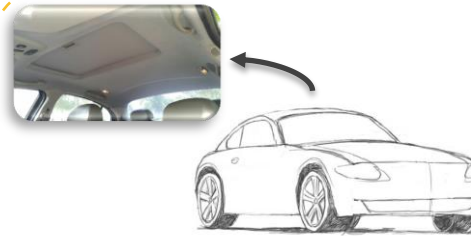


**ABC**



**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)

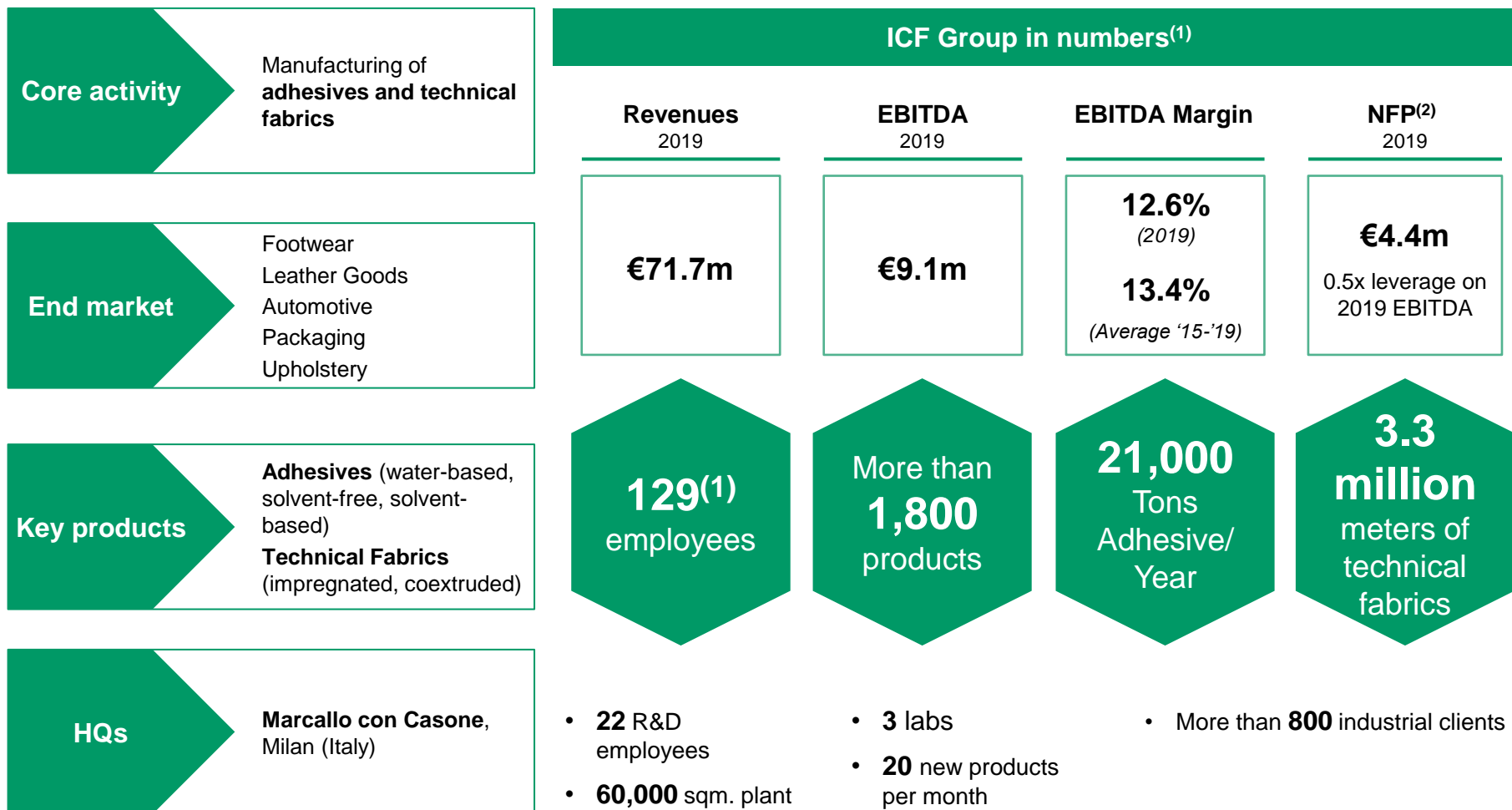
**Packaging**



**ABC**

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

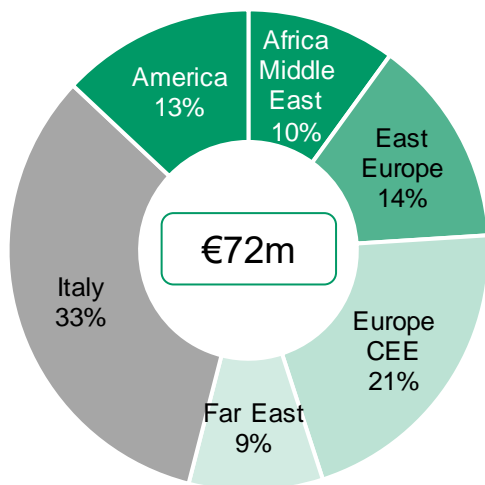
# Industrie Chimiche Forestali: a Leading Player in the Technical Adhesive World



## A Balanced Portfolio with a Global Exposure

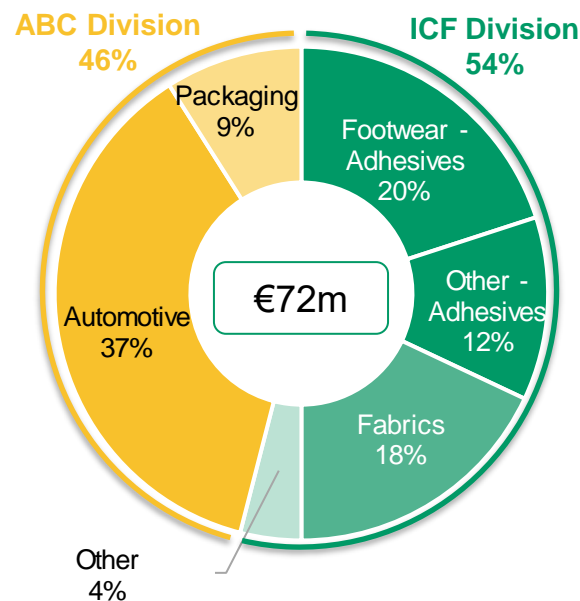
The company is export-oriented, with a balanced exposure to the Automotive, Footwear and Packaging sectors

### Geographic Area



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

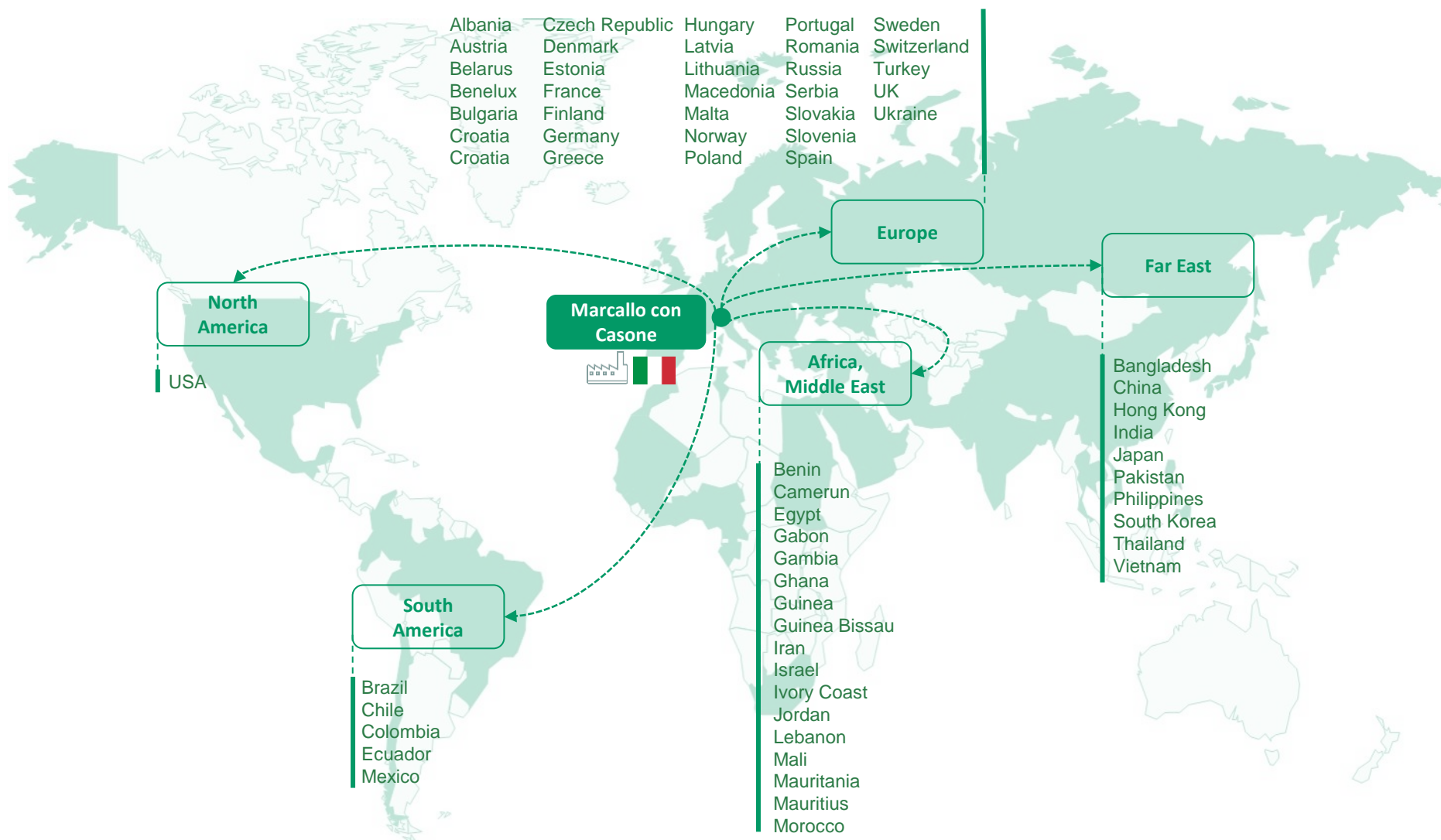
### Business Line



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

## From Italy to the rest of the world

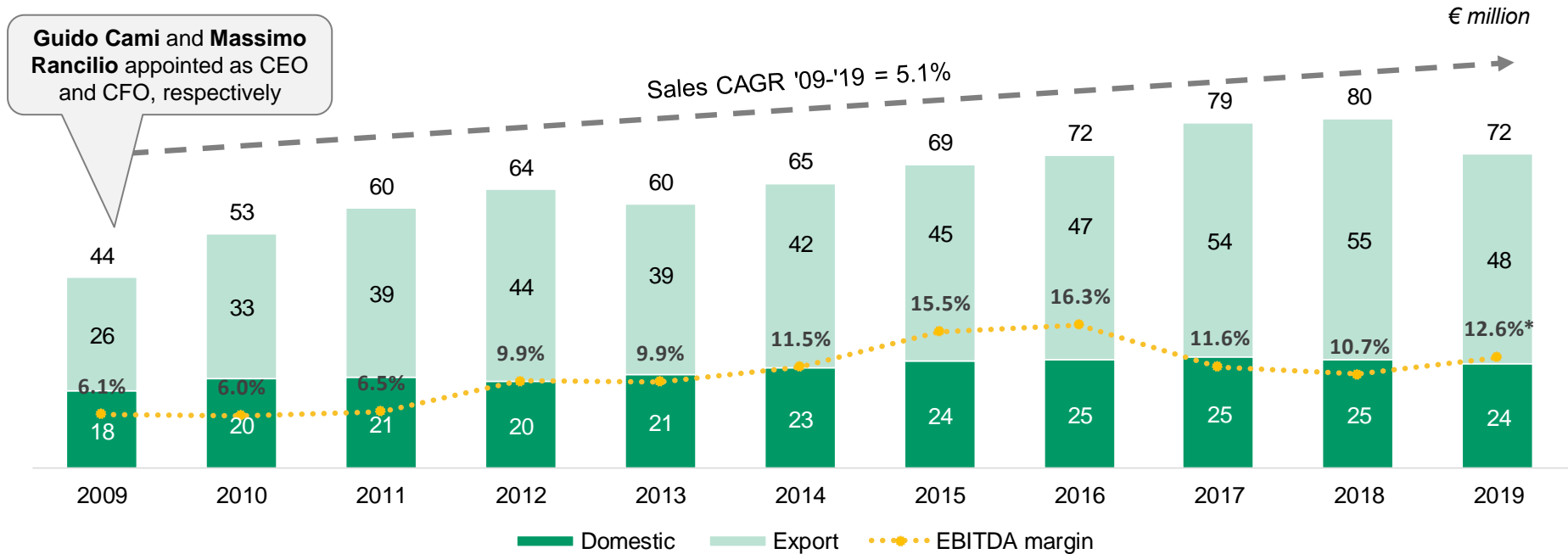
From the headquarter of Marcallo con Casone ICF reaches 80 countries all over the world



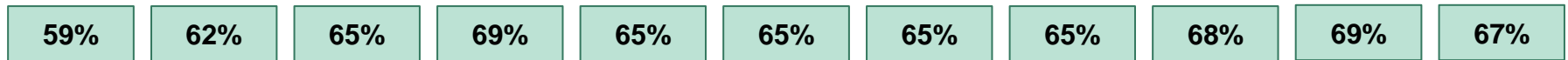


# Substantial growth mainly based on Export

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



**Export (% on revenues)**

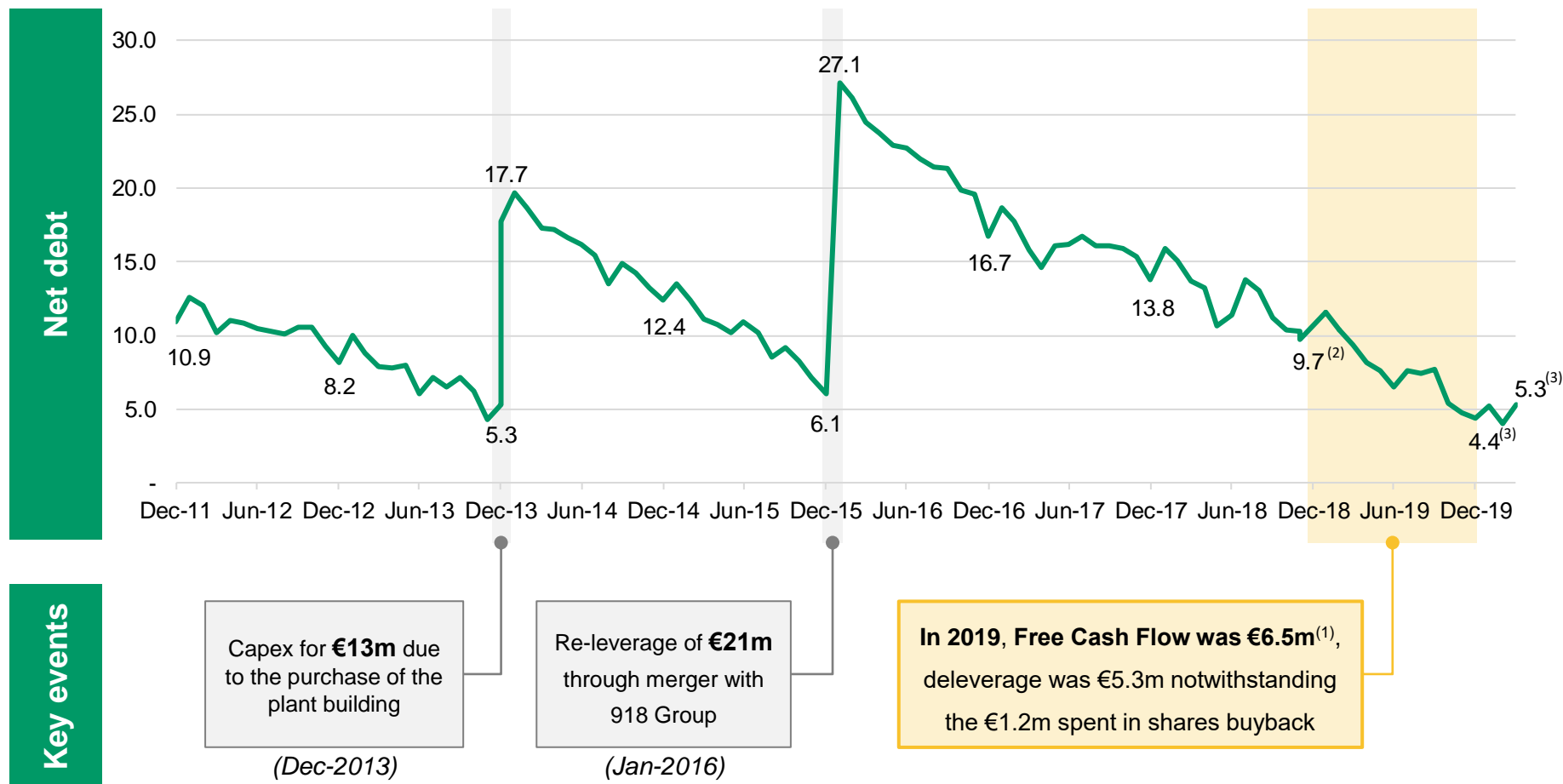


**Domestic (% on revenues)**



## Material Free Cash Flow Generation

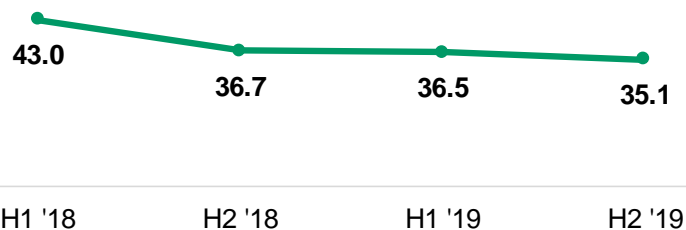
**2012-Q1 2020 Cumulative Free Cash Flow Generation was €37.8m**



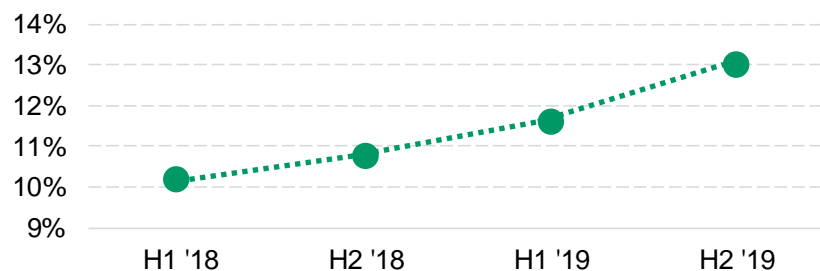
Note: (1) Adjusted for extraordinary outflow given by the share buyback program;  
 (2) compliant with ITA GAAP reporting standards  
 (3) compliant with IAS/IFRS reporting standards and including €6.2m are real estate leasing

## 2019 financial highlights: margins recovery and robust FCF

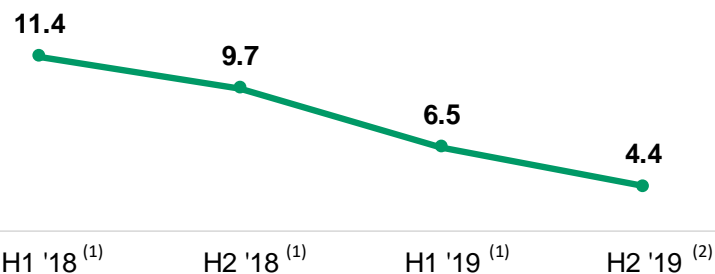
### Revenues



### EBITDA %



### Net Debt



**Revenues:** Sales trend progressively improving during the year being almost flat in H2

**EBITDA:** EBITDA double digit growing in H2 '19. Margin improving by 190 b.p. YTD driven by production efficiencies and decrease in material costs

**Net Debt:** Deleverage by €5.3m over the last twelve months thanks to strong cash generation and notwithstanding €1.2m spent in shares buyback and the increase of €1.1m deriving from the adoption of IFRS 16.

Net Debt includes €6.2m of real estate leasing

**Free Cash Flow:** Around €6.5m in the last twelve months

Note: (1) compliant with ITA GAAP reporting standards

(2) compliant with IAS/IFRS reporting standards and including €6.2m are real estate leasing

## 2019 financial highlights ICF Group

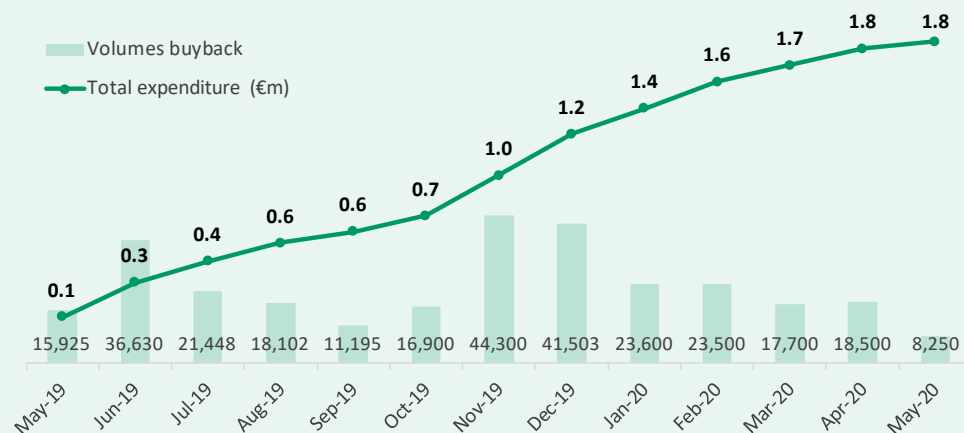
|                                 | €m | 2018*       | 2019**      |
|---------------------------------|----|-------------|-------------|
| <b>1 Revenues</b>               |    | <b>79.7</b> | <b>71.7</b> |
| <b>2 EBITDA</b>                 |    | <b>8.5</b>  | <b>9.1</b>  |
| <i>Margin (%)</i>               |    | 10.7%       | 12.6%       |
| <b>Adj. Net income</b>          |    | <b>3.9</b>  | <b>4.5</b>  |
| <b>3 Net Debt</b>               |    | <b>9.7</b>  | <b>4.4</b>  |
| Net Debt/EBITDA                 |    | 1.1x        | 0.5x        |
| <b>4 Outstanding shares (m)</b> |    | <b>7.5</b>  | <b>7.5</b>  |
| <i>o.w. Treasury</i>            |    | -           | (0.2)       |

- 1 In 2019, ICF recorded €71.7m in revenues, €8.0m below 2018 mainly due to the slowdown of the automotive sector both in volumes and, especially, in prices. The underperformance was gradually recovered during the second half of 2019;
- 2 EBITDA was equal to €9.1m, an improvement with respect to 2018 both in terms of absolute value (+€0.6m) and of marginality (+190 b.p.) driven also by the stabilization of raw material prices coupled with management actions;
- 3 In 2019, the company deleveraged by €5.3m, notwithstanding €1.2m spent in shares buyback and €1.1m of additional debt caused by the adoption of IFRS 16
- 4 As of December 2019, ordinary shares outstanding were 7.5 million (of which 0.2m were treasury shares)

**Share buyback update:** in May 2019, ICF Group

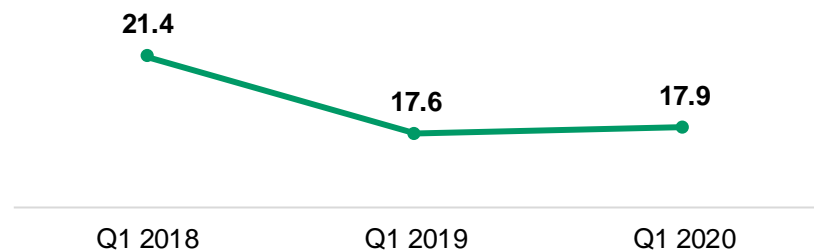
started a share buyback program.

As of 14<sup>th</sup> May 2020, ICF repurchased 297,553 shares, corresponding to 3.94% of the share capital, for a total expenditure of €1.8m.

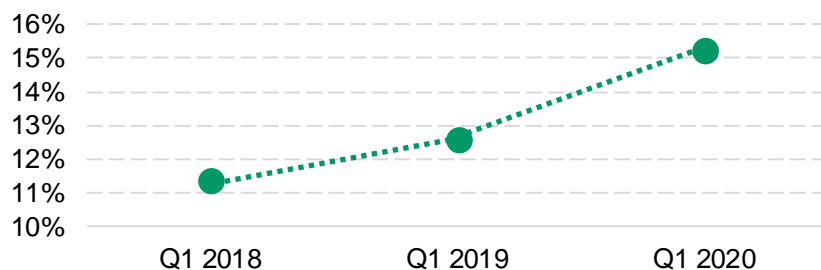


## Q1 2020 financial highlights: margins recovery

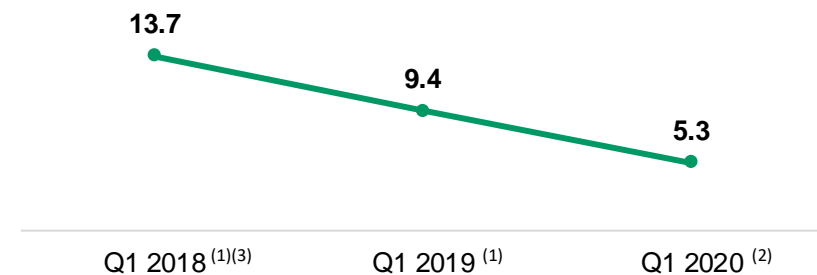
### Revenues



### EBITDA %



### Net Debt



**Revenues:** Sales in Q1 2020 were 1.7% higher than in Q1 2019

**EBITDA:** EBITDA double digit growing (+22.7%) to €2.7m with respect to Q1 2019 (€2.2m). Margin improving by 258 b.p. driven by efficiency enhancement and favourable product mix.

**Net Debt:** Deleveraging by €4.1m over the last twelve months thanks to strong cash generation and notwithstanding €1.7m spent in shares buyback and the increase of €1.1m deriving from the adoption of IFRS 16.

Net Debt includes €6.2m of real estate leasing

**Free Cash Flow:** Around €6.8m in the last twelve months

Note: (1) compliant with ITA GAAP reporting standards

(2) compliant with IAS/IFRS reporting standards and including €6.2m are real estate leasing

(3) Gross of the positive cash effect of the Business Combination (c. €2.1m)









## ICF Group stock performance (as of 12<sup>th</sup> May 2020)

### ICF stock performance over the last 24 months<sup>(1)</sup>

**ICF**GROUP  
IPO day=100



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

|          | <b>ICF</b> GROUP |  covestro |  <b>BASF</b><br>We create chemistry |  <b>HUNTSMAN</b><br>Enriching lives through innovation |  <b>EASTMAN</b> |  H.B. Fuller |  <b>ARKEMA</b><br>INNOVATIVE CHEMISTRY |  <b>Henkel</b> |  <b>Jika</b> |
|----------|------------------|--|--|---|--|---|---|---|---|
| Last 3m  | - 23.4%          | - 24.0%  | - 29.5%  | - 27.4%   | - 18.4%  | - 26.6%   | - 13.4%   | - 16.2%   | - 9.9%  |
| YTD      | - 15.0%          | - 28.0%  | - 32.8%  | - 34.5%   | - 22.1%  | - 30.5%   | - 20.3%   | - 14.4%   | - 8.6%  |
| Last 24m | - 45.1%          | - 62.1%  | - 47.6%  | - 50.8%   | - 42.2%  | - 30.2%   | - 30.9%   | - 25.0%   | + 20.9%   |
| Mkt cap. | €42m             | €5.5bn   | €41.6bn  | €3.5bn  | €8.4bn   | €1.8bn  | €5.8bn  | €32.6bn   | €23.6bn   |

## Main recent events: COVID-19 crisis and new product lines

**COVID-19:** ICF Group 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 Group business achievements have been positive in Q1 '20 in terms of sales, margins and FCF**. In April, however, the global spread of the virus and the lockdown policies adopted in many countries created **uncertainty and temporary plant closures by several clients**. As a result, ICF's YTD sales trend as of the end of April decreased to c.-15% from +1.7% YTD as of the end of March. Lockdown policies are going to be eased in several countries possibly creating the conditions of a better environment in 2H20. 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 SMS fabrics (Freedom M1) for the production of protective masks in collaboration with the Finnish multinational corporation Ahlstrom Munksjö.**

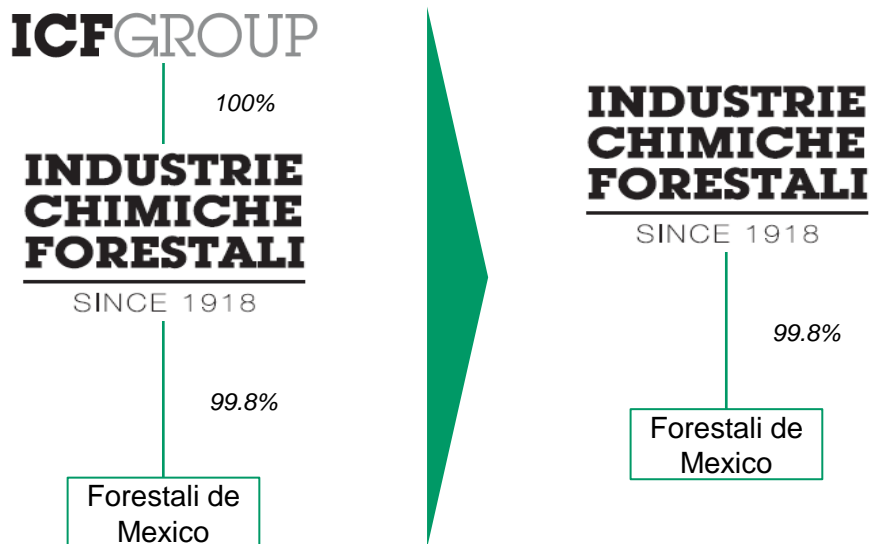
These developments could represent an attractive long-term strategic opportunity for the Group, which will enter the promising line of business of sanitizing products.



## Merger of ICF Group with Industrie Chimiche Forestali

Following the approval of the shareholders' EGM, ICF Group will merge into Industrie Chimiche Forestali in order to simplify the organizational structure of the group and reduce costs. The General Meeting has also approved the new proposed BoD.

### Merger



The merger will feature:

- An exchange ratio of 1:1 between ICF Group and Industrie Chimiche Forestali's shares and warrants;
- **No withdrawal right for ICF Group shareholders because of coincident by-laws**

### BoD composition post EGM

#### 7 Members

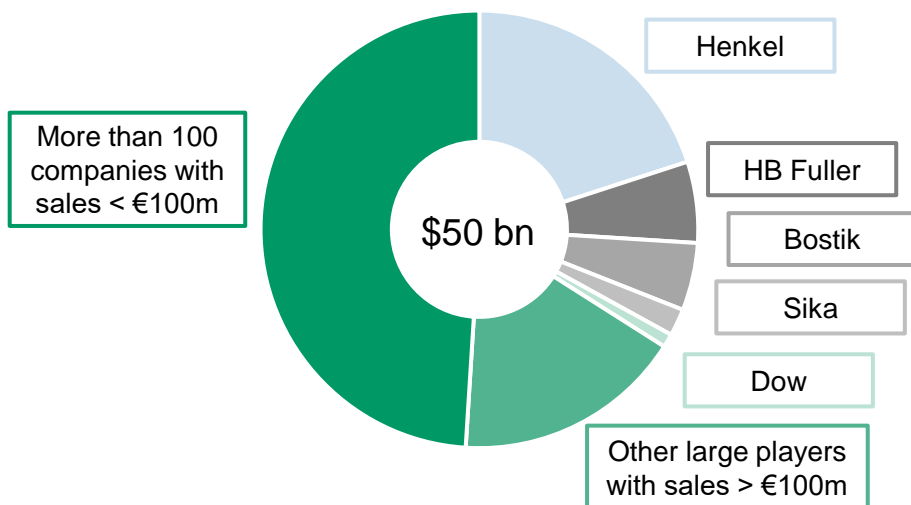
-  Guido Cami
-  Giovanni Campolo
-  Stefano Lustig
-  Vincenzo Polidoro
-  Giuliano Tomassi Marinangeli
-  Marina Balzano (Independent)
-  Roberto Rettani (Independent)

The merger and the changes in the composition of the BoD of ICF have been approved by the BoD of ICF Group and Industrie Chimiche Forestali and by the **EGM of last April 29**

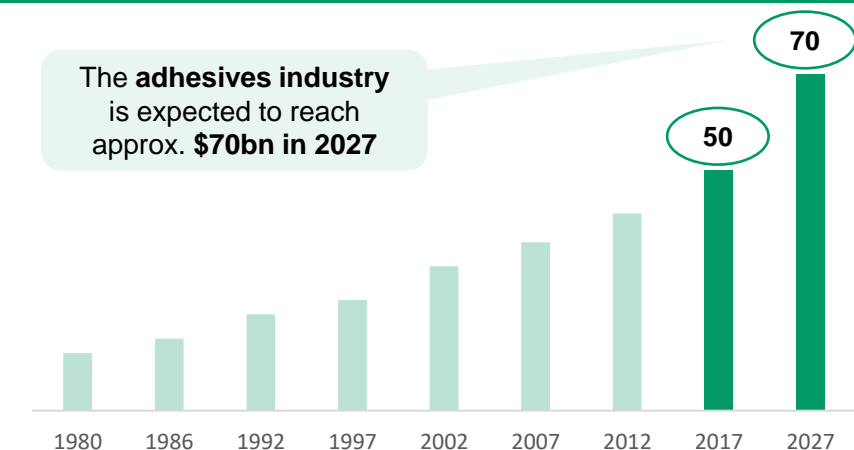


## Adhesives & Sealants Industry: A Fragmented Market Space

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

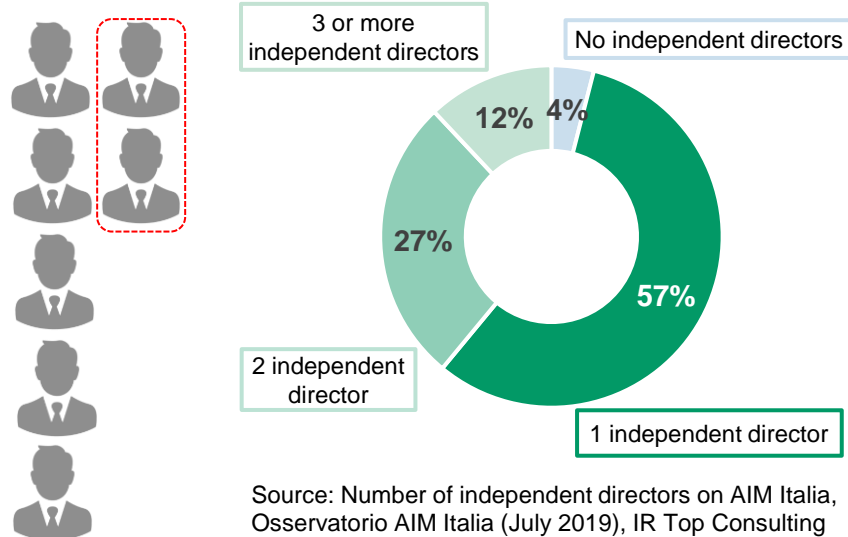
Such a possible development will exploit:

- 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 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 7 members, of which **2 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 holds 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
  - 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
- New** → From 2019, **Sustainability report** in line with Global Reporting Initiative standards



### 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
- Alatha



## 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:

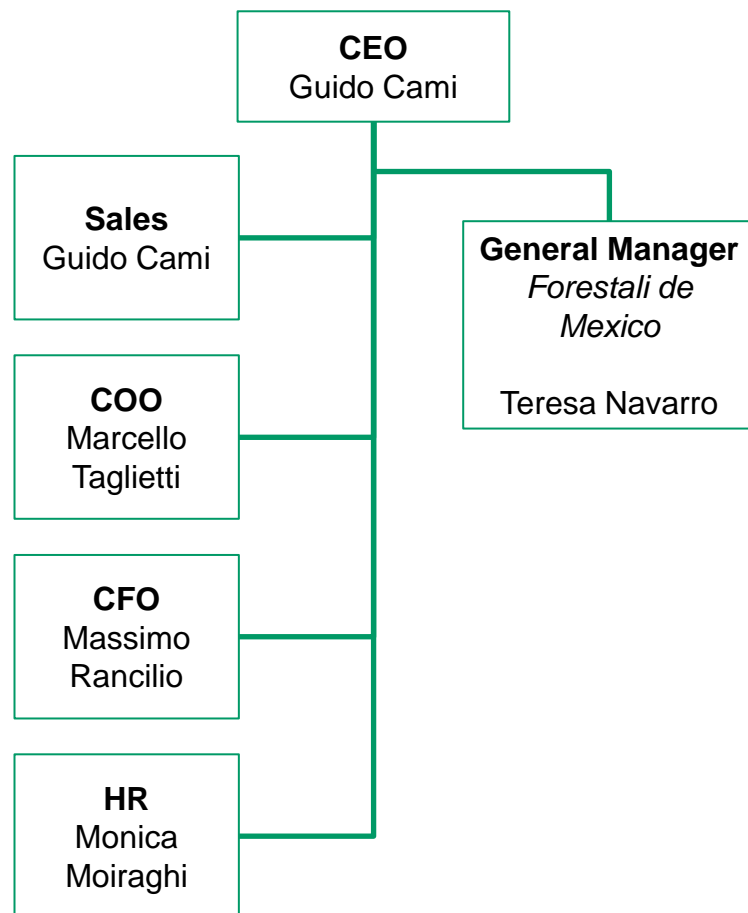
- Three managers fully dedicated to HSE activity
- Compliant with REACH EU Regulation («*Registration, Evaluation, Authorization and Restriction of Chemicals*»)

**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

**ICF Group S.p.A.**  
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