

# CONFERENCE CALL

## First nine months 2018 results

IMCD N.V. 7 November 2018



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## Presenting team

### Piet van der Slikke, CEO



- Led the formation of IMCD since 1995
- Designed and executed IMCD's strategy
- 23 years of industry experience

### Hans Kooijmans, CFO



- Joined IMCD in 1996
- Co-led formation of IMCD
- 22 years of industry experience

## Agenda

- Company profile
- Highlights first nine months 2018
- Financials first nine months 2018
- Outlook
- Q&A

## Company profile

IMCD is a market-leader in the sales, marketing and distribution of speciality chemicals and food ingredients. Its result-driven professionals provide market-focused solutions to suppliers and customers across EMEA, Asia-Pacific and Americas, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD), IMCD realised revenues of € 1,907 million in 2017 with more than 2,200 employees in over 45 countries on 6 continents. IMCD's dedicated team of technical and commercial experts work in close partnership to tailor best in class solutions and provide value through expertise for around 37,000 customers and a diverse range of world class suppliers.

For further information, please visit [www.imcdgroup.com](http://www.imcdgroup.com)

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**Gross profit**

Gross profit growth of 25% to EUR 398.7 million (+30% on a constant currency basis)

**Operating EBITA**

Operating EBITA increase of 26% to EUR 156.6 million (+32% on a constant currency basis)

**Net result**

Net result before amortisation and non-recurring items increase of 28% to EUR 109.2 million (+33% on a constant currency basis)

**Cash EPS**

Cash earnings per share increased by 23% to EUR 1.97 (+28% on a constant currency basis)

**Velox GmbH**

Acquisition of Velox GmbH, completed on 26 September 2018, expanding IMCD's European network in the plastics, composites and other specialities markets



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## Key figures

EUR million	Jan. 1 - Sept. 30 2018	Jan. 1 - Sept. 30 2017	Change	Change	Fx adj. Change
Revenue	1,754.6	1,411.3	343.3	24%	29%
Gross profit	398.7	317.9	80.8	25%	30%
Gross profit in % of revenue	22.7%	22.5%	0.2%		
Operating EBITA	156.6	123.8	32.8	26%	32%
Operating EBITA in % of revenue	8.9%	8.8%	0.1%		
Conversion margin	39.3%	39.0%	0.3%		
Net result before amortisation / non-recurring items	109.2	85.5	23.7	28%	33%
Free cash flow	109.0	115.5	(6.5)	(6%)	
Cash conversion margin	68.0%	90.7%	(22.7%)		
Earnings per share (weighted)	1.53	1.18	0.35	29%	34%
Cash earnings per share (weighted)	1.97	1.60	0.37	23%	28%
Number of full time employees end of period	2,507	2,258	249	11%	

## Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Gross profit</b>	<b>YTD Q3 2018</b>	<b>231.7</b>	<b>114.9</b>	<b>52.1</b>		<b>398.7</b>
	YTD Q3 2017	209.0	60.1	48.9		317.9
	Δ reported	11%	91%	7%		25%
	Δ constant currency	13%	109%	15%		30%
<b>Operating EBITA</b>	<b>YTD Q3 2018</b>	<b>100.5</b>	<b>46.0</b>	<b>23.4</b>	<b>(13.3)</b>	<b>156.6</b>
	YTD Q3 2017	87.9	26.0	21.0	(11.1)	123.8
	Δ reported	14%	77%	12%	(20%)	26%
	Δ constant currency	17%	92%	21%	(23%)	32%
<b>Operating EBITA in % of revenue</b>	<b>YTD Q3 2018</b>	<b>10.8%</b>	<b>8.0%</b>	<b>9.4%</b>		<b>8.9%</b>
	YTD Q3 2017	10.1%	8.6%	8.9%		8.8%
	Δ margin %	0.7%	(0.6%)	0.5%		0.1%
<b>Conversion margin</b>	<b>YTD Q3 2018</b>	<b>43.4%</b>	<b>40.1%</b>	<b>45.0%</b>		<b>39.3%</b>
operating EBITA in % of gross profit	YTD Q3 2017	42.1%	43.2%	42.9%		39.0%
	Δ margin %	1.3%	(3.1%)	2.1%		0.3%

## Free cash flow

EUR million	Jan.1 - Sept.30 2018	Jan.1 - Sept.30 2017	change
<b>Operating EBITA</b>	<b>156.6</b>	<b>123.8</b>	<b>32.8</b>
Depreciation	3.6	3.5	0.1
<b>Operating EBITDA</b>	<b>160.2</b>	<b>127.3</b>	<b>32.9</b>
Share based payments	1.6	1.6	0.0
Capex	(2.5)	(2.5)	0.0
Δ Working capital <sup>1</sup>	(50.4)	(10.9)	(39.5)
<b>Free cash flow</b>	<b>109.0</b>	<b>115.5</b>	<b>(6.5)</b>
<i>Cash conversion ratio</i> <sup>2</sup>	<i>68.0%</i>	<i>90.7%</i>	<i>(22.7%)</i>

<sup>1</sup> Inventories, Trade and other receivables and Trade and other payables

<sup>2</sup> Free cash flow in percentage of Operating EBITDA

<b>Net debt/leverage</b>	30 September 2018	31 December 2017	30 September 2017
<b>Net Debt</b> (EUR million)	620	490	507
<b>Leverage ratio</b> Reported (including full year impact of acquisitions)	2.9	2.8	2.9

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## Outlook

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries. Furthermore, results can be influenced from period to period by, amongst others, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relations and the timing, scope and impact of acquisitions.

IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions. IMCD sees interesting opportunities to increase its global footprint and expand the product portfolio organically and by acquisitions.

Based on the performance in the first nine months of 2018 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2018.

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