

# CONFERENCE CALL First half year 2018 results

IMCD N.V. 17 August 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 half year 2018
- Financials first half year 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 24% to EUR 263.1 million (+30% on a constant currency basis)

**Operating EBITA**

Operating EBITA increase of 24% to EUR 105.2 million (+30% on a constant currency basis)

**Net result**

Net result before amortisation and non-recurring items increase of 28% to EUR 74.2 million (+34% on a constant currency basis)

**Cash EPS**

Cash earnings per share increased by 20% to EUR 1.31 (first half of 2017: EUR 1.09)

**E.T. Horn**

Acquisition of E.T. Horn, completed on 31 July 2018, supporting IMCD's strategy of offering its suppliers and customers national US coverage and dedicated segment expertise

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## Income statement

| EUR million                             | Jan.1 - June 30<br>2018 | Jan.1 - June 30<br>2017 | change      | change     | fx adj.<br>change |
|---|-------------------------|-------------------------|-------------|------------|-------------------|
| Revenue                                 | 1,151.8                 | 936.2                   | 215.6       | 23%        | 29%               |
| <b>Gross profit</b>                     | <b>263.1</b>            | <b>212.2</b>            | <b>50.9</b> | <b>24%</b> | <b>30%</b>        |
| <i>Gross profit in % of revenue</i>     | 22.8%                   | 22.7%                   | 0.1%        |            |                   |
| Operating EBITDA                        | 107.5                   | 86.9                    |             |            |                   |
| <i>Operating EBITDA in % of revenue</i> | 9.3%                    | 9.3%                    |             |            |                   |
| <b>Operating EBITA<sup>1</sup></b>      | <b>105.2</b>            | <b>84.6</b>             | <b>20.6</b> | <b>24%</b> | <b>30%</b>        |
| <i>Operating EBITA in % of revenue</i>  | 9.1%                    | 9.0%                    | 0.1%        |            |                   |
| <i>Conversion margin<sup>2</sup></i>    | 40.0%                   | 39.9%                   | 0.1%        |            |                   |

<sup>1</sup> Result from operating activities before amortization of intangibles and non-recurring items

<sup>2</sup> Operating EBITA in percentage of Gross profit

## Income statement (continued)

| EUR million   | Jan.1 - June 30<br>2018 | Jan.1 - June 30<br>2017 | change      | change     | fx adj.<br>change |
|---|-------------------------|-------------------------|-------------|------------|-------------------|
| <b>Operating EBITA</b>                                    | <b>105.2</b>            | <b>84.6</b>             | <b>20.6</b> | <b>24%</b> | <b>30%</b>        |
| Net finance costs   | (9.3)                   | (7.6)                   |             |            |                   |
| Income tax expenses                                       | (21.8)                  | (19.2)                  |             |            |                   |
| <b>Net result before amortisation/non recurring items</b> | <b>74.2</b>             | <b>57.9</b>             | <b>16.3</b> | <b>28%</b> | <b>34%</b>        |
| Amortisation of intangible assets                         | (17.3)                  | (16.1)                  |             |            |                   |
| Tax credits related to amortisation                       | 2.2                     | 1.6                     |             |            |                   |
| Non recurring items                                       | (5.3)                   | (0.6)                   |             |            |                   |
| <b>Result for the period</b>                              | <b>53.7</b>             | <b>42.8</b>             | <b>10.9</b> | <b>26%</b> | <b>30%</b>        |
| Earnings per share (weighted)                             | 1.02                    | 0.82                    | 0.20        | 26%        | 30%               |
| <b>Cash Earnings per share (weighted)</b>                 | <b>1.31</b>             | <b>1.09</b>             | <b>0.22</b> | <b>20%</b> | <b>25%</b>        |

## Income statement

| EUR million                            |                     | EMEA         | Asia Pacific | Americas     | Holding companies | Total        |
|--|---------------------|--------------|--------------|--------------|-------------------|--------------|
| <b>Gross profit</b>                    | <b>H1 2018</b>      | <b>158.1</b> | <b>34.5</b>  | <b>70.5</b>  |                   | <b>263.1</b> |
|  | H1 2017             | 141.6        | 33.0         | 37.6         |                   | 212.2        |
|  | Δ reported          | 12%          | 5%           | 88%          |                   | 24%          |
|  | Δ constant currency | 13%          | 14%          | 112%         |                   | 30%          |
| <b>Operating EBITA</b>                 | <b>H1 2018</b>      | <b>70.3</b>  | <b>15.7</b>  | <b>28.1</b>  | <b>(8.9)</b>      | <b>105.2</b> |
|  | H1 2017             | 61.1         | 14.4         | 16.5         | (7.3)             | 84.6         |
|  | Δ reported          | 15%          | 9%           | 70%          | (22%)             | 24%          |
|  | Δ constant currency | 17%          | 19%          | 91%          | (25%)             | 30%          |
| <b>Operating EBITA in % of revenue</b> | <b>H1 2018</b>      | <b>11.1%</b> | <b>9.6%</b>  | <b>8.0%</b>  |                   | <b>9.1%</b>  |
|  | H1 2017             | 10.4%        | 9.1%         | 8.8%         |                   | 9.0%         |
|  | Δ margin %          | 0.7%         | 0.5%         | (0.8%)       |                   | 0.1%         |
| <b>Conversion margin</b>               | <b>H1 2018</b>      | <b>44.5%</b> | <b>45.6%</b> | <b>39.9%</b> |                   | <b>40.0%</b> |
| operating EBITA in % of gross profit   | H1 2017             | 43.1%        | 43.6%        | 43.9%        |                   | 39.9%        |
|  | Δ margin %          | 0.7%         | 1.9%         | (4.0%)       |                   | 0.1%         |

## Balance Sheet

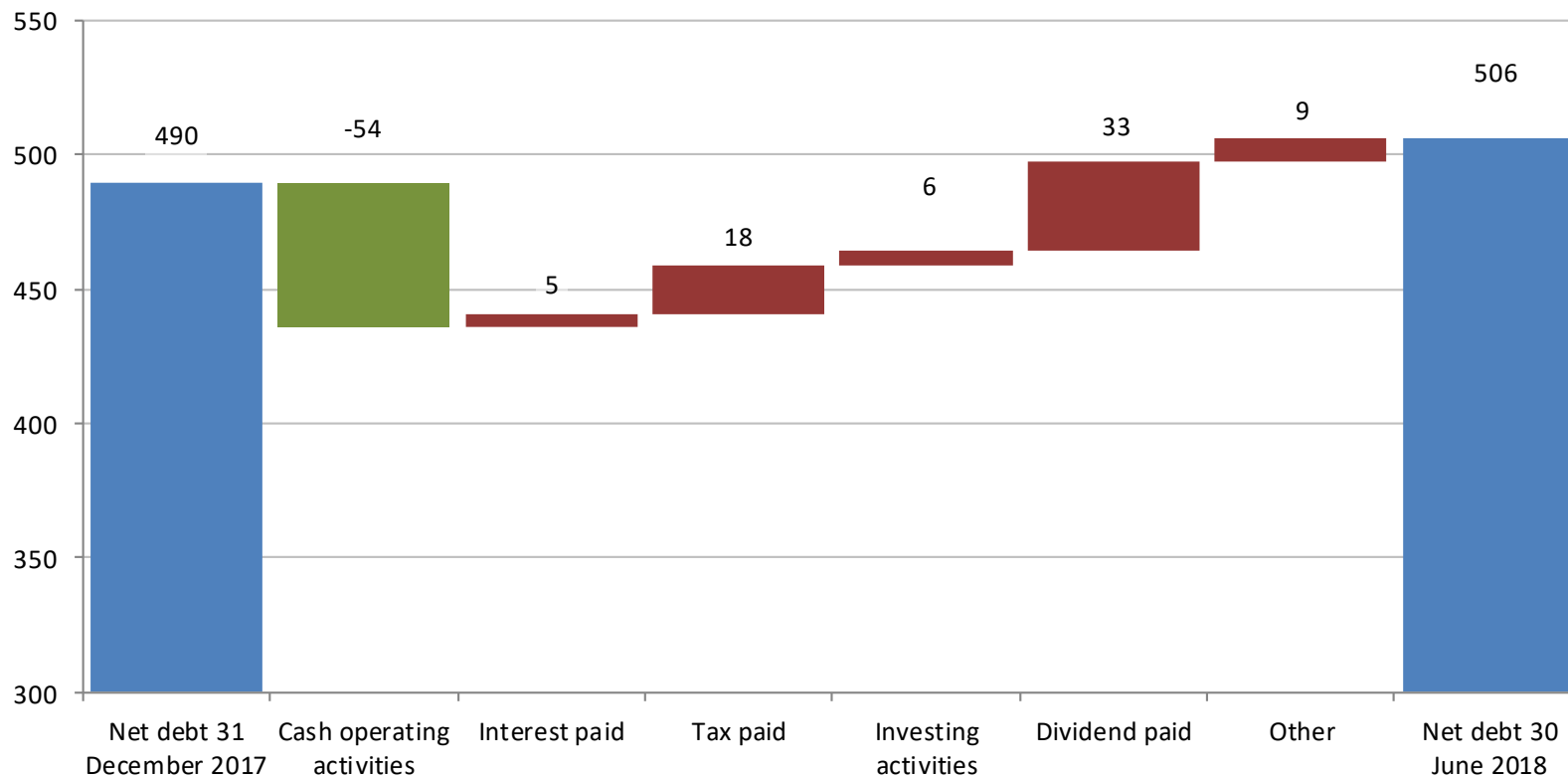
| EUR million  | 30 June 2018 | 31 December 2017 | 30 June 2017 |
|--|--------------|------------------|--------------|
| Property, plant and equipment  | 18           | 19               | 19           |
| Intangible assets  | 931          | 949              | 883          |
| Other fin. assets/def tax assets                                       | 27           | 28               | 27           |
| Working capital  | 356          | 314              | 268          |
| Provisions/employee benefits   | (19)         | (21)             | (12)         |
| Deferred tax liabilities   | (67)         | (70)             | (74)         |
| <b>Capital employed</b>  | <b>1,246</b> | <b>1,219</b>     | <b>1,113</b> |
| Equity   | 739          | 729              | 714          |
| <i>Equity in % of capital employed</i>                                 | 59%          | 60%              | 64%          |
| Loans and borrowings minus cash  | 506          | 490              | 399          |
| <b>Total financing</b>   | <b>1,246</b> | <b>1,219</b>     | <b>1,113</b> |
| <b>Net Debt/Operating EBITDA</b> (incl. full year impact acquisitions) | <b>2.7</b>   | <b>2.8</b>       | <b>2.5</b>   |

## Working capital

| EUR million                  | 30 June 2018 | 31 December 2017 | 30 June 2017 |
|------------------------------|--------------|------------------|--------------|
| Inventories                  | 281          | 266              | 212          |
| <i>in days of revenue*</i>   | 42           | 44               | 40           |
| Trade receivables            | 382          | 311              | 311          |
| <i>in days of revenue*</i>   | 56           | 58               | 56           |
| Trade payables               | (251)        | (213)            | (215)        |
| <i>in days of revenue*</i>   | 37           | 38               | 39           |
| Other receivables/payables   | (57)         | (50)             | (40)         |
| <i>in days of revenue*</i>   | 8            | 9                | 8            |
| <b>Total working capital</b> | <b>356</b>   | <b>314</b>       | <b>268</b>   |
| <i>in days of revenue*</i>   | 53           | 55               | 49           |

\* using average working capital and revenue YTD

## Net debt development



## Free cash flow

| EUR million                              | Jan.1 - June 30<br>2018 | Jan.1 - June 30<br>2017 | change         |
|--|-------------------------|-------------------------|----------------|
| <b>Operating EBITA</b>                   | <b>105.2</b>            | <b>84.6</b>             | <b>20.6</b>    |
| Depreciation                             | 2.3                     | 2.3                     | (0.0)          |
| <b>Operating EBITDA</b>                  | <b>107.5</b>            | <b>86.9</b>             | <b>20.6</b>    |
| Share based payments                     | 1.1                     | 1.0                     | 0.1            |
| Capex                                    | (1.8)                   | (1.4)                   | (0.4)          |
| Δ Working capital <sup>1</sup>           | (52.7)                  | (12.6)                  | (40.1)         |
| <b>Free cash flow</b>                    | <b>54.0</b>             | <b>73.8</b>             | <b>(19.8)</b>  |
| <i>Cash conversion ratio<sup>2</sup></i> | <i>50.2%</i>            | <i>84.9%</i>            | <i>(34.8%)</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

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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 half of 2018 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2018.

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