



CONFERENCE CALL Full Year 2019 results

IMCD N.V. 27 February 2020

Disclaimer

This presentation may contain forward looking statements. These statements are based on current expectations, estimates and projections of IMCD's management and information currently available to the company. IMCD cautions that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause actual performance and position to differ materially from these statements. IMCD disclaims any obligation to update or revise any statements made in this presentation to reflect subsequent events or circumstances, except as required by law.

In the annual report of IMCD N.V. the relevant risk categories and risk factors that could adversely affect the company's business and financial performance have been described. They are deemed to be incorporated in this presentation.

Presenting team

Piet van der Slikke, CEO



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

Hans Kooijmans, CFO



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

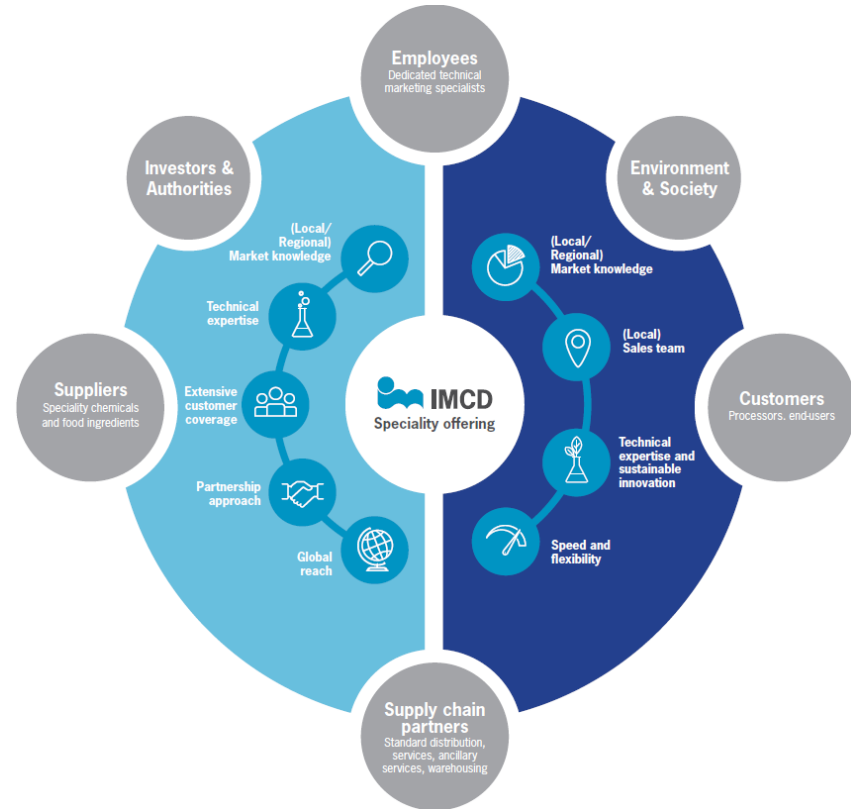
Agenda

- Company profile
- Highlights 2019
- Financials 2019
- Outlook
- Q&A



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 € 2,690 million in 2019 with nearly 3,000 employees in over 50 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 49,000 customers and a diverse range of world class suppliers.



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Gross profit

Gross profit growth of 12% to EUR 599 million (+11% on a constant currency basis)

**Operating
EBITA**

Operating EBITA increase of 11% to EUR 225 million (+10% on a constant currency basis)

Net result

Net result before amortisation and non-recurring items of EUR 156 million (2018: EUR 140 million)

**Cash EPS
Dividend**

Cash earnings per share increased by 13% to EUR 2.85 (2018: EUR 2.53)
Dividend proposal of EUR 0.90 in cash per share (2018: EUR 0.80)

M&A

Acquisition of food ingredients business of Matrix (Singapore & Malaysia) on 30 August 2019. Full year revenue about EUR 4 million.

Acquisition of Monachem and Addpol on 18 September 2019, expanding IMCD's position in India with Advanced Materials. Full year revenue about EUR 10 million.

Acquisition of Colombian specialty distributor Unired Químicas on 20 November 2019. Full year revenue about EUR 8 million.

Acquisition of 90% of the shares of Basel (Switzerland) based pharmaceutical distributor DCS Pharma AG on 10 December 2019. Full year revenue about EUR 64 million.

Acquisition of 57% of the shares of Seoul (South Korea) based pharmaceutical ingredient distributor Whawon Pharm Co. Ltd on 18 December 2019. Full year revenue about EUR 44 million.

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Income statement

EUR million	2019	2018	change	change	fx adj. change
Revenue	2,690	2,379	311	13%	12%
Gross profit	599	536	63	12%	11%
<i>Gross profit in % of revenue</i>	22.3%	22.5%	(0.2%)		
Operating EBITDA	247	208	39	19%	18%
<i>Operating EBITDA in % of revenue</i>	9.2%	8.7%			
Operating EBITA¹	225	202	23	11%	10%
<i>Operating EBITA in % of revenue</i>	8.4%	8.5%	(0.1%)		
<i>Conversion ratio²</i>	37.5%	37.7%	(0.2%)		

¹ Result from operating activities before amortisation of intangibles and non-recurring items

² Operating EBITA in percentage of Gross profit

Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
Gross profit	2019	325	194	80		599
	2018	308	158	70		536
	Δ reported	6%	23%	14%		12%
	Δ constant currency	6%	18%	13%		11%
Gross profit in % of revenue	2019	24.7%	19.7%	20.5%		22.3%
	2018	24.8%	19.7%	20.9%		22.5%
	Δ margin %	(0.1%)	-	(0.4%)		(0.2%)
Operating EBITA	2019	126	78	36	(15)	225
	2018	128	60	31	(17)	202
	Δ reported	(1%)	30%	14%	12%	11%
	Δ constant currency	(1%)	24%	13%	13%	10%
Operating EBITA in % of revenue	2019	9.6%	7.9%	9.1%	(0.6%)	8.4%
	2018	10.3%	7.5%	9.3%	(0.7%)	8.5%
	Δ margin %	(0.7%)	0.4%	(0.2%)	0.1%	(0.1%)
Conversion margin	2019	38.8%	40.2%	44.4%		37.5%
<i>operating EBITA in % of gross profit</i>	2018	41.5%	38.1%	44.4%		37.7%
	Δ margin %	(2.7%)	2.1%	-		(0.2%)

Income statement (continued)

EUR million	2019	2018	change	change	fx adj. change
Operating EBITA	225	202	23	11%	10%
Recurring net finance costs	(27)	(19)	(8)		
Recurring income tax expenses	(42)	(44)	2		
Net result before amortisation and non-recurring items	156	140	16	12%	11%
Amortisation of intangible assets	(44)	(37)	(7)		
Tax credits related to amortisation	3	5	(2)		
Non-recurring income and expenses	(5)	(2)	(2)		
Non-recurring finance costs		(5)	5		
Non-recurring tax expenses	(2)		(2)		
Result for the period	108	100	8	8%	7%

Net finance costs

EUR million	2019	2018	change
Interest costs financing structure	(19.7)	(17.3)	(2.4)
Interest exp. Lease liabilities (IFRS 16)	(2.7)		(2.7)
Value changes in interest hedge contracts		(0.1)	0.1
Amortisation of finance costs	(0.6)	(0.8)	0.2
Changes deferred considerations	(0.4)		(0.4)
Interest costs re employee benefits	(0.6)	(0.5)	(0.1)
Currency exchange results	(2.8)	(0.1)	(2.7)
Net finance costs	(26.8)	(18.8)	(8.0)

Income tax expenses

EUR million	2019	2018	change
Regular income tax expenses	(43.0)	(44.9)	1.9
Adjustments for prior years	0.2	(0.2)	0.4
Reduction in tax rates	0.4	0.1	0.3
(De-) recognition tax losses	0.6	1.4	(0.8)
Tax credits related to amortisation	2.6	4.5	(1.9)
Non-recurring tax expenses	(2.1)		(2.1)
Income tax expenses	(41.3)	(39.1)	(2.2)

Income tax %

EUR million	2019	2018	change
Operating EBITA minus non recurring and finance costs	193.5	176.4	
Regular income tax expenses	43.0	44.9	
Regular income tax %	22.2%	25.4%	-3.2%

Cash EPS - proposed dividend

EUR million	2019	2018	change	change
Result for the year	108	100	8	8%
Amortisation of intangible assets	44	37		
Tax credits related to amortisation	(3)	(5)		
Cash earnings	149	133	17	13%
Weighted average number of share (x milion)	52.5	52.4		
Cash earnings per share (weighted) in EUR	2.85	2.53	0.32	13%
Proposed cash dividend per share	0.90	0.80	0.10	13%
Proposed dividend payment (x EUR milion)	47	42		
Proposed pay out ratio	32%	32%		

Balance Sheet

EUR million	31 December 2019	31 December 2018	change
Property, plant and equipment	29	25	4
Right-of-use assets	61		61
Intangible assets	1,141	1,040	102
Other fin. assets/def tax assets	40	47	(7)
Working capital	436	400	36
Provisions/employee benefits	(28)	(31)	2
Deferred tax liabilities	(77)	(84)	6
Capital employed	1,602	1,219	383
Equity	867	786	80
<i>Equity in % of capital employed</i>	<i>54%</i>	<i>60%</i>	
Loans and borrowings minus cash	735	611	125
Total financing	1,602	1,219	383

Working capital

EUR million	31 December 2019	31 December 2018	change
Inventories	377	354	23
<i>in days of revenue *</i>	49	49	0
Trade and other receivables	435	398	37
<i>in days of revenue *</i>	56	55	1
Trade payables	(280)	(264)	(16)
<i>in days of revenue *</i>	(36)	(36)	0
Other payables	(96)	(89)	(7)
<i>in days of revenue *</i>	(12)	(12)	(0)
Total working capital	436	400	36
<i>in days of revenue *</i>	56	55	1

* revenue normalised for full year impact acquisitions

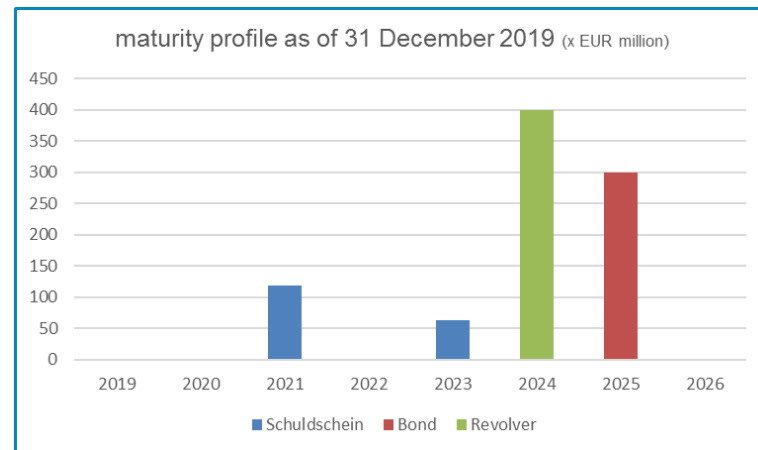
Net debt

EUR million	2019	2018	change
Loans and borrowings long term	566	481	84
Loans and borrowings short term	274	215	59
Cash and cash equivalents	(104)	(85)	(19)
Net Debt	735	611	125
Net Debt / Operating EBITDA ratio¹	2.8	2.8	0.0

Covenants

	December 2019	Bank condition	December 2018
Leverage	2.6		2.8
- Schuldschein		< 3.50	
- revolving credit facility		< 3.75	
Interest cover	12.1	> 4.0	13.0

¹Including full year impact of acquisitions



Free cash flow

EUR million	2019	2018	change
Operating EBITA	225	202	23
Depreciation	22	5	17
Operating EBITDA	247	208	39
Lease payments	(22)		(22)
Share based payments	3	2	1
Adjusted Operating EBITDA	228	210	18
Capex	(5)	(4)	(1)
Δ Working capital ¹	(1)	(39)	39
Free cash flow	222	166	56
<i>Cash conversion ratio</i> ²	97.4%	79.3%	18.1%

¹ Inventories, Trade and other receivables and Trade and other payables

² 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 other things, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relationships 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 its product portfolio both organically and by acquisitions.

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