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CONFERENCE CALL
Full Year 2021 results

25 February 2022

Presenting team



Piet van der Slikke

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



Hans Kooijmans

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

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Profile

IMCD is a market leader in the sales, marketing and distribution of speciality chemicals and ingredients.

Highlights:

- Formulatory and solutions provider
- Comprehensive and complementary product portfolio
- Multi-territory distribution management in EMEA, Asia-Pacific and Americas
- Headquartered in Rotterdam, The Netherlands



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Highlights 2021

GROSS PROFIT

Gross profit growth of 29% to EUR 836 million (+30% on a constant currency basis)

OPERATING EBITA

Operating EBITA increase of 54% to EUR 374 million (+55% on a constant currency basis)

RESULT FOR THE YEAR

Net result for the year increase of 73% to EUR 207 million (+74% on a constant currency basis)

CASH EPS

Cash earnings per share increased by 53% to EUR 4.64 (2020: EUR 3.03)

DIVIDEND PROPOSAL

Dividend proposal of EUR 1.62 in cash per share (+59% compared to 2020: EUR 1.02)

Highlights 2021

M&A EMEA

- Acquisition of Ejder Kimya, a Turkish chemicals distributor of raw materials for personal care and pharmaceuticals products and food additives (signed in November 2020 and closed on 6 January 2021)
- Acquisition of the Dutch-based distributor Peak International specialized in the active pharmaceutical ingredients business (signed in November 2020 and closed on 7 January 2021)
- Acquisition of Siyeza, a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa (signed in August 2020 and closed on 8 January 2021)
- Acquisition of Polychem, a leading distributor of chemical raw materials and additives for the industrial and life science markets in Austria and Southeast Europe (signed on 22 December 2021 and closed on 8 February 2022)

M&A Americas

- Acquisition of Siliconas y Quimicos, a Colombian speciality chemicals distributor who serves the personal care, coatings, silicones and other industrial markets (signed/closed on 14 May 2021)
- Acquisition of Andes Chemical Corp, active in Caribbean and Central American countries, Colombia and Peru where it serves both industrial markets and life science (signed/closed on 18 May 2021)
- Acquisition of Materias Químicas de México S.A. de C.V. (Maquimex), a Mexican speciality chemical distributor in preservatives, HI&I, energy, water treatment and other industrial markets (signed on 15 July 2021 and closed on 19 August 2021)

Highlights 2021

M&A Asia Pacific

- Acquisition of Yuanhe Chemicals, a speciality coatings, textile and ink distributor in China (closed on 2 June 2021)
- Acquisition of PT Megasetia Agung Kimia, the leading distributor for speciality ingredients for the pharmaceuticals industry in Indonesia. In addition, it serves the personal care, home care, animal health and industrial markets (signed on 17 November 2021 and closed on 21 December 2021)
- Acquisition of Syntec, a Chinese specialty chemical distributor serving the personal care and home care markets (signed on 6 December 2021 and closed on 18 January 2022)
- Acquisition of RPL Trading, a speciality chemical distributor for the home care and water treatment markets in Australia and New Zealand (signed on 22 December 2021 and closed on 31 January 2022)
- Acquisition of Aquatech, a speciality chemical coatings, textile and ink distributor in China (signed in September 2021 expected closing in Q1 2022)

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Financials 2021

Income statement

EUR million	2021	2020 ¹	change	change	fx adj. change
Revenue	3.435	2.775	660	24%	25%
Gross profit	836	648	189	29%	30%
<i>Gross profit in % of revenue</i>	24,3%	23,3%	1,0%		
Operating EBITDA	401	269	132	49%	51%
<i>Operating EBITDA in % of revenue</i>	11,7%	9,7%			
Operating EBITA²	374	243	130	54%	55%
<i>Operating EBITA in % of revenue</i>	10,9%	8,8%	2,1%		
<i>Conversion ratio³</i>	44,7%	37,6%	7,1%		

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements

² Result from operating activities before amortisation of intangibles and non-recurring items

³ Operating EBITA in percentage of Gross profit



Financials 2021

Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies ¹	Total
Gross profit	2021	412	250	174		836
	2020	337	204	106		647
	Δ reported	22%	23%	64%		29%
	Δ constant currency	22%	26%	61%		30%
Gross profit in % of revenue	2021	25,7%	22,4%	24,4%		24,3%
	2020	25,4%	21,6%	21,1%		23,3%
	Δ margin %	0,3%	0,8%	3,3%		1,0%
Operating EBITA	2021	180	113	110	(29)	374
	2020	131	86	53	(27)	243
	Δ reported	37%	31%	107%	(9%)	54%
	Δ constant currency	39%	36%	101%	(10%)	55%
Operating EBITA in % of revenue	2021	11,3%	10,1%	15,4%	(0,9%)	10,9%
	2020	9,9%	9,1%	10,5%	(1,0%)	8,8%
	Δ margin %	1,4%	1,0%	4,9%	0,1%	2,1%
Conversion margin	2021	43,8%	45,1%	63,0%		44,7%
<i>operating EBITA in % of gross profit</i>	2020	38,9%	42,1%	49,9%		37,6%
	Δ margin %	4,9%	3,0%	13,1%		7,1%

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements



Financials 2021

Income statement (continued)

EUR million	2021	2020 ¹	change	change	fx adj. change
Operating EBITA	374	243	130	54%	55%
Recurring net finance costs	(22)	(26)	4		
Recurring income tax expenses	(86)	(49)	(37)		
Net result before amortisation and non-recurring items	266	168	98	58%	60%
Amortisation of intangible assets	(66)	(48)	(18)		
Tax credits related to amortisation	9	5	4		
Non-recurring income and expenses	(3)	(5)	3		
Non-recurring tax expenses	1	-	1		
Result for the period	207	120	87	73%	74%

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements



Financials 2021

Net finance costs

EUR million	2021	2020 ¹	change
Interest costs financing structure	(13,2)	(16,9)	3,7
Interest exp. Lease liabilities (IFRS 16)	(2,5)	(2,4)	(0,1)
Amortisation of finance costs	(0,6)	(0,6)	-
Changes deferred considerations	(1,2)	2,0	(3,2)
Interest costs re employee benefits	(0,4)	(0,4)	-
Currency exchange results	(3,8)	(7,5)	3,7
Net finance costs	(21,7)	(25,8)	4,1

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Financials 2021

Income tax expenses

EUR million	2021	2020 ¹	change
Regular income tax expenses	(85,0)	(47,6)	(37,4)
Adjustments for prior years	(0,8)	(1,5)	0,7
Reduction in tax rates	0,1	(0,2)	0,3
(De-) recognition tax losses	(0,2)	0,3	(0,5)
Tax credits related to amortisation	8,5	4,6	3,9
Non-recurring tax expenses	0,8	-	0,8
Income tax expenses	(76,6)	(44,4)	(32,2)

Income tax %

EUR million	2021	2020 ¹	change
Operating EBITA minus non recurring and finance costs	349,2	212,1	
Regular income tax expenses	85,0	47,6	
Regular income tax %	24,3%	22,4%	1,9%

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements

Financials 2021

Change in accounting policy following the IFRIC agenda decision

EUR million	2021			2020		
	excluding adjustment	adjustment	including adjustment	excluding adjustment	adjustment	including adjustment
More operating expenses	(56)	(10)	(66)	(50)	(10)	(60)
Operational EBITA	383	(10)	374	254	(10)	243
Amortisation	(76)	11	(66)	(57)	9	(48)
Result after tax	206	1	207	121	(1)	120



Financials 2021

Cash EPS - proposed dividend

EUR million

	2021	2020 ¹	change	change
Result for the year	207	121		
Amortisation of intangible assets	66	57		
Tax credits related to amortisation	(9)	(5)		
Cash earnings	264	173		
Weighted average number of share (x million)	56,9	53,7		
Cash earnings per share (weighted) in EUR	4,64	3,22	1,43	44%
Proposed cash dividend per share	1,62	1,02	0,60	59%
Proposed dividend payment (x EUR million)	92	58		
Proposed pay out ratio	35%	34%		

¹ Figures presented in the AGM in May 2021 (excluding change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements)



Financials 2021

Balance Sheet

EUR million	31 December 2021	31 December 2020 ¹	change
Property, plant and equipment	29	27	2
Right-of-use assets	69	68	1
Intangible assets	1.808	1.547	261
Other fin. assets/def tax assets	41	45	(5)
Working capital	612	444	169
Provisions/employee benefits	(36)	(34)	(2)
Deferred tax liabilities	(122)	(118)	(5)
Capital employed	2.401	1.979	422
Equity	1.461	1.252	209
<i>Equity in % of capital employed</i>	<i>61%</i>	<i>63%</i>	
Loans and borrowings minus cash	940	727	213
Total financing	2.401	1.979	422

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements



Financials 2021

Working capital

EUR million

	31 December 2021	31 December 2020 ¹	change
Inventories	526	371	155
<i>in days of revenue ²</i>	54	46	8
Trade and other receivables	619	469	150
<i>in days of revenue ²</i>	63	58	5
Trade payables	(403)	(292)	(111)
<i>in days of revenue ²</i>	41	36	5
Other payables	(130)	(105)	(25)
<i>in days of revenue ²</i>	13	13	0
Total working capital	612	444	169
<i>in days of revenue ²</i>	63	55	8

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements

² revenue normalised for full year impact acquisitions

Financials 2021

Net debt 31 December

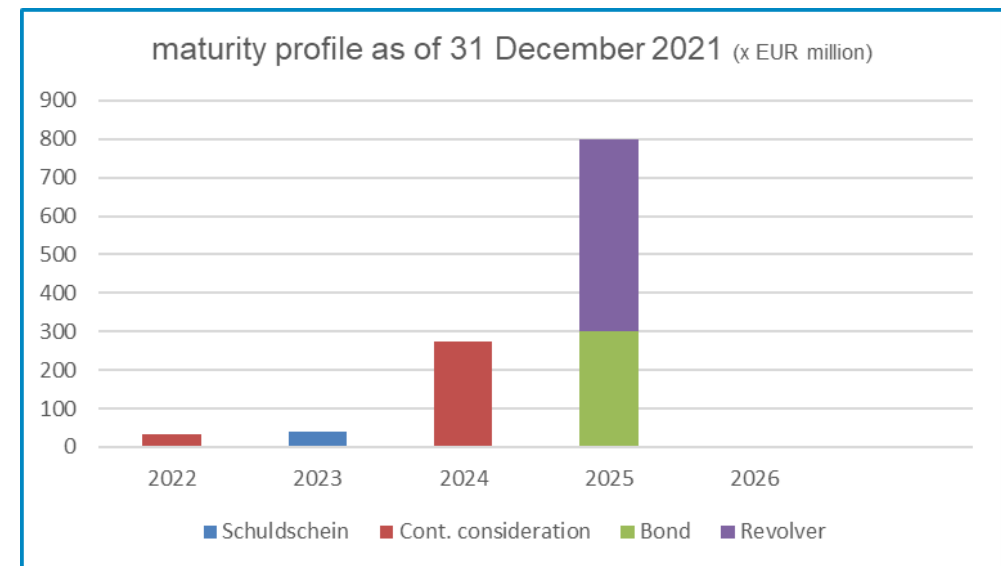
EUR million	2021	2020 ²	change
Loans and borrowings long term	667	581	86
Loans and borrowings short term		80	(80)
Short term financial liabilities	451	234	217
Cash and cash equivalents	(178)	(169)	(9)
Net Debt	940	727	213
Net Debt / Operating EBITDA ratio¹	2,3	2,3	0,0

Covenants

	December 2021	Bank condition	December 2020
Leverage	1,5		1,7
- Schuldschein		< 3.50	
- revolving credit facility		< 3.75	
Interest cover	29,1	> 4.0	16,9

¹ Including full year impact of acquisitions

² Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements



Financials 2021

Free cash flow

EUR million	2021	2020 ¹	change
Operating EBITA	374	243	130
Depreciation	27	26	2
Operating EBITDA	401	269	132
Lease payments	(22)	(20)	(3)
Share based payments	5	5	1
Adjusted Operating EBITDA	384	254	130
Capex	(5)	(7)	2
Δ Working capital ²	(100)	30	(131)
Free cash flow	279	277	2
<i>Cash conversion ratio³</i>	72,6%	109,4%	(37%)

¹ Restated as a result of a change in accounting policy following the IFRIC agenda decision on Cloud Computing arrangements

² Inventories, Trade and other receivables and Trade and other payables

³ 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.

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.

Despite the impact of the COVID-19 restrictions on the economic situation, IMCD delivered strong results in 2021. Unfortunately, the uncertainty about the duration of the COVID-19 crisis and its impact on the global economy continued for longer than expected and recovery comes with new challenges, such as volatile product availability and demand, and serious supply chain disruptions. Nevertheless, IMCD is a strong, resilient and well diversified business with a robust liquidity position and capital structure. IMCD's people have shown great flexibility and creativity to counter the challenges that appeared and have proven their ability to achieve excellent results.

IMCD sees interesting opportunities to further increase its global footprint and expand its product portfolio both organically and by acquisitions.

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