



## IMCD reports strong results for 2014

Rotterdam, The Netherlands 11 March 2015 - IMCD N.V. (“IMCD” or “Company”), a leading international speciality chemicals-focused distributor, today announces the 2014 full year results.

### Highlights

- 10% growth in revenue to EUR 1,358 million (+11% on a constant currency basis)
- Operating EBITA increased by 14% to EUR 110.0 million (+15% on a constant currency basis)
- Operating EBITA positively impacted with EUR 2.7 million due to changes in Dutch pension law
- Operating EBITA increased by 11% excluding pension adjustment (+13% on a constant currency basis)
- Net result EUR 54.3 million before amortisation and non-recurring items (2013: EUR 13.1 million)
- Cash conversion ratio improved to 83.9%
- Dividend proposal of EUR 0.20 in cash per share

Piet van der Slikke, CEO, commented: “The year 2014 proved to be busy, eventful and rewarding for IMCD. Obviously the listing on Euronext Amsterdam was a significant event for us. Looking at the business, market circumstances were not always easy but we still have been able to achieve strong results. I do believe that our business model provides the right platform to face the challenges of today’s business environment. Looking forward I feel confident that we will be able to further strengthen our position as one of the leading distributors of specialty chemicals and food ingredients”.

### Key figures

EUR million	2014	2013	Change
Revenue	1,358.3	1,233.4	10%
Gross profit	287.6	261.3	10%
Gross profit in % of revenue	21.2%	21.2%	0.0%
Operating EBITA <sup>1</sup>	110.0	96.6	14%
Operating EBITA in % of revenue	8.1%	7.8%	0.3%
Conversion margin <sup>2</sup>	38.2%	37.0%	1.3%
Net result before amortisation / non recurring items	54.3	13.1	314%
Free cash flow <sup>3</sup>	94.6	80.5	17%
Cash conversion margin <sup>4</sup>	83.9%	81.3%	2.6%
Number of full time employees end of period	1,512	1,452	4%
Proposed cash dividend per share	0.20		

<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

<sup>3</sup> Operating EBITDA plus/less changes in working capital less capital expenditures

<sup>4</sup> Free cash flow in percentage of Operating EBITDA



## Key figures financial position

EUR million	31 December 2014	31 December 2013	Change
Working capital	170.9	150.7	13%
Total equity	530.8	(67.1)	
Net debt	257.8	823.5	(69%)
Net debt/EBITDA ratio	2.3	8.3	(6.0)

## Financial results 2014

### Revenue

By successfully challenging local and regional market circumstances total revenue increased 10% to EUR 1,358 million compared to EUR 1,233 million in 2013.

Organic growth amounted to 6.3% as a result of a further strengthening of the product portfolio by adding new supplier relations, expanding relations with existing suppliers and an increase of customer penetration by adding new customers and selling more products to existing customers. Acquisitions completed in 2013 and 2014 had a positive impact on revenue of 4.9%. Exchange rate differences had a negative effect of 1.1%.

### Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased from EUR 261.3 million in 2013 to EUR 287.6 million in 2014, an increase of 10% which is in line with total revenue growth.

The gross profit margin remained stable at 21.2%. Underneath, gross profit margins showed the normal level of differences in margins per region, margins per product and margins per product market combinations.

Differences are mainly caused by local market circumstances, product mix and the impact of newly acquired businesses.

### Operating EBITA

Operating EBITA, representing the result from operating activities before amortisation of intangible assets and non-recurring items, increased by 14% to EUR 110.0 million compared to EUR 96.6 million in 2013.

The 14% rise of operating EBITA includes the outcome of the annual pension calculation based on IAS 19 reporting requirements. Because of changes in Dutch pension legislation, past service obligations in The Netherlands were reduced by EUR 2.7 million. This release is partly included in the operational EBITA of the European operations and amounts to EUR 0.5 million. The remaining EUR 2.2 million is included in the operating EBITA of holding companies. Excluding this adjustment the 2014 operating EBITA increased by 11% to EUR 107.3 million.

The growth in operating EBITA was a combination of organic growth, the full year impact of six acquisitions completed in 2013 and two small acquisitions in 2014, combining to a total growth of 15.4% and a negative impact of exchange rate differences of 1.5%. Excluding the IAS 19 pension adjustments, growth in operating EBITA was 12.6%.

The EBITA margin increased from 7.8% in 2013 to 8.1% in 2014. Excluding the IAS 19 pension adjustment the EBITA margin increased to 7.9%.

Furthermore, in 2014 the conversion margin, operating EBITA as a percentage of gross profit, improved with 1.2% from 37.0% in 2013 to 38.2% in 2014. Excluding the IAS 19 pension adjustment the conversion rate was 37.3%, an indication that further efficiencies in the organisation were achieved.



## Developments by operating segments

### Europe

EUR million	2014	2013	Change	Change	Fx adj. Change
Revenue	957.8	902.4	55.4	6%	5%
Gross profit	212.8	196.6	16.2	8%	7%
<i>Gross profit in % of Revenue</i>	22.2%	21.8%	0.4%		
Operating EBITA	83.5	71.9	11.6	16%	15%
<i>Operating EBITA in % of revenue</i>	8.7%	8.0%	0.7%		

The European activities showed a strong performance in 2014. Generally demand was good, particularly in the industrial market segments during the first half of the year. In the second half of 2014 there was some slowdown in demand.

Revenue grew by 6.1%, a combination of organic growth of 5.4% and the positive impact of exchange rate differences of 0.7%. Most European countries contributed to this revenue growth. In 2014 IMCD realised a further expansion of its supplier and customer base. During the year various initiatives were taken to further strengthen the proposition to the market, such as the opening of a new food lab in Belgium and a pharma lab in Germany to better support the food and pharma businesses in Europe.

Gross profit margin improved from 21.8% in 2013 to 22.2% in 2014, primarily as a result of changes in the product mix.

The growth of operating EBITA of 16.1% from EUR 71.9 million in 2013 compared to EUR 83.5 million in 2014 was a combination of organic growth of 14.7% and a positive impact of exchange rate differences of 1.4%. The impact of the small acquisition of Jucker Pharma in Sweden in 2014 was negligible in the overall European growth rate. Including the IAS 19 pension adjustment operating EBITA rose by 15.4%.

The organic growth was realised despite a weak economic environment in Europe and is a reflection of the strong position of IMCD in the various countries and markets and the ability to expand its product portfolio and supplier base. The operating EBITA margin improved from 8.0% in 2013 to 8.7% in 2014. Gross profit margin improvement, combined with strict cost control were the main drivers of this increase.

### Asia Pacific

EUR million	2014	2013	Change	Change	Fx adj. Change
Revenue	283.9	251.1	32.8	13%	19%
Gross profit	49.5	47.4	2.1	4%	10%
<i>Gross profit in % of Revenue</i>	17.4%	18.9%	(1.4%)		
Operating EBITA	23.5	25.7	(2.1)	(8%)	(2%)
<i>Operating EBITA in % of revenue</i>	8.3%	10.2%	(1.9%)		

In Asia Pacific, market circumstances were not easy. At the end of 2013, fluctuations of local currencies versus the USD and the Euro were more substantial in comparison to other years and had considerable impact on the competitive position in 2014. Furthermore, the general economic conditions in certain of the key markets, in particular Australia, remained unfavourable. Notwithstanding this, revenue increased with 13%, which was a combination of organic growth (+10%), acquisition growth (+9%) and the negative impact of exchange rate differences (-6%). The 9% acquisition growth was the full year impact of acquisitions completed in 2013 and the acquisition of Danasia at the end of September 2014. In the full year 2013 Danasia generated sales of approximately EUR 7 million.



Gross profit margin decreased to 17.4% in 2014 from 18.9% in 2013. This decrease was primarily due to the negative impact of exchange rate differences that could not be passed on to customers. Changes in the product mix and the full year effect of lower margin acquisitions that were completed in 2013 in the Asia Pacific region also had a negative effect.

As a consequence of the gross profit margin decrease, exchange rate adjusted EBITA could not follow the growth in revenue and was slightly lower at EUR 23.5 million compared to EUR 25.7 million in 2013.

## Other Emerging Markets

EUR million	2014	2013	Change	Change	Fxadj. Change
Revenue	116.6	79.9	36.7	46%	59%
Gross profit	25.2	17.3	7.9	45%	60%
<i>Gross profit in % of Revenue</i>	<i>21.6%</i>	<i>21.7%</i>	<i>(0.1%)</i>		
Operating EBITA	9.6	6.4	3.2	50%	67%
<i>Operating EBITA in % of revenue</i>	<i>8.2%</i>	<i>8.0%</i>	<i>0.2%</i>		

Other Emerging Markets representing operations in Turkey, South Africa and Brazil, realised organic revenue growth of approximately 6% compared to 2013. Exchange rate differences in all three countries had a negative impact on revenue of 8%. The full year impact of acquisitions completed in 2013, Chemimpo in South Africa and Makeni in Brazil, contributed 48% of total revenue growth. In 2013 the activities of Chemimpo were combined with the existing activities in South Africa and concentrated at one location. This process was successfully completed at end of 2013, resulting, at the beginning of 2014, in one of the leading specialty chemical distributors in South Africa. In accordance with the strategy, in both South Africa and Brazil the focus is on the alignment and further optimization of the acquired businesses.

Despite the significant negative impact of exchange rate differences, the gross profit margin remained more or less stable at 21.6% in 2014 compared to 21.7% in 2013. This was the result of continuous management focus on margins combined with changes in the product mix.

Operating EBITA increased 67% to EUR 9.6 million compared to EUR 6.4 million in 2013. This increase is a combination of the stable gross profit margin, a strong focus on efficiency improvements and the full year impact of the acquisitions of Chemimpo and Makeni. The operating EBITA margin slightly improved to 8.2% compared to 8.0% in 2013.

## Holding companies

EUR million	2014	2013	Change	Change	Fxadj. Change
Revenue	0.0	0.0	0.0	0%	0%
Operating EBITA	(6.6)	(7.4)	0.8	10%	10%

Holding companies represent the head office in Rotterdam and the regional office in Singapore. The operating costs before pension adjustment increased 19% to EUR 8.8 million. The increase reflects the growth of IMCD and as a consequence the need to strengthen the support functions both in Rotterdam and Singapore. The impact this year of this cost increase is more than compensated by the outcome of the annual pension calculation based on IAS 19 reporting requirements. Because of changes in Dutch pension legislation, past service obligations in The Netherlands were reduced by EUR 2.7 million. Of this reduction, EUR 2.2 million is reflected as a reduction of costs of the holding companies and the remaining EUR 0.5 million is reported in the costs of the operating company in the Netherlands (in segment Europe). Including the reduction in costs of EUR 2.2 million, operating EBITA at the holding companies amounted to EUR 6.6 million negative.



## Net result

Net result for the year increased from a net loss of EUR 5.4 million in 2013 to a net profit of EUR 19.9 million in 2014.

Net result before amortisation and non-recurring items substantially increased from EUR 13.1 million in 2013 to EUR 54.3 million in 2014. The drivers of this increase were the growth of operating EBITA and a substantial reduction of the net finance costs in the second half of 2014 following the capital restructuring after the IPO in June 2014.

## Working capital

Working capital is defined as inventories, trade and other receivables minus trade payables and other payables. At the end of 2014 the absolute amount of working capital was EUR 170.9 million compared to EUR 150.7 million at year end 2013. The increase of EUR 20.2 million is a combination of increased business activity leading to higher working capital levels (+11 EUR million), impact of exchange rate differences on year-end balance sheet positions (+EUR 4.0 million), acquisitions (+EUR 2.2 million) and other working capital movements (+3.0 EUR million).

## Cash flow and capital expenditure

Free cash flow increased 17% compared to 2013 from EUR 80.5 million to EUR 94.6 million in 2014. The cash conversion ratio, defined as free cash flow as a percentage of operating EBITA, improved by 2.6% to 83.9% in 2014, with further growth of operating EBITA as main driver.

As a consequence of the asset light business model, capital expenditure is traditionally relatively low compared to the size of the overall operations and amounted to EUR 3.1 million in 2014 compared to 2.5 million in 2013. Capital expenditure was mainly related to investments in the IT infra-structure and office furniture and equipment.

## Net debt

Net debt amounted to EUR 257.8 million at year-end 2014, compared to EUR 823.5 million at year-end 2013. Prior to the listing on Euronext Amsterdam, IMCD operated with a leverage structure that was different from general market practise for listed companies. With the proceeds of the IPO, IMCD restructured its balance sheet whereby shareholder loans of EUR 314.4 million were added to the company's additional paid-in capital and existing indebtedness was refinanced with the proceeds of the IPO and newly raised syndicated banking facilities. Healthy cash flow further reduced the net debt position towards year end.

## Dividend proposal

For 2014, a dividend of EUR 0.20 in cash per share will be proposed at the Annual General Meeting. Approval at the Annual General Meeting would result in IMCD paying EUR 10.0 million or 25% of the net result realised in the second half of 2014 adjusted for non-cash amortisation charges (net of tax) and non-recurring results in this period related to the unwinding of the pre IPO financing structure, IPO related costs and the recognition of a deferred tax asset.

## 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 optimizing 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.



## Webcast

On 11 March 2015 at 10 am CET IMCD will comment on the 2014 results in a conference call to analysts and investors. The conference call will be broadcasted live on our website: [www.imcdgroup.com](http://www.imcdgroup.com).

## Financial calendar

2015

29 April 2015	First quarter 2015 Trading Update Annual General Meeting Dividend announcement
1 May 2015	Ex-dividend date
4 May 2015	Record date
7 May 2015	Payment date
14 August 2015	First half year results 2015
11 November 2015	Third quarter 2015 Trading Update
For further information:	Investor Relations Carina Hamaker T: +31102908674 M: +31 655298778 @: <a href="mailto:carina.hamaker@imcdgroup.com">carina.hamaker@imcdgroup.com</a>

## Annual report

IMCD's annual report 2014 and the convocation and other documentation for IMCD's Annual General Meeting on 29 April 2015 are published and available on [www.imcdgroup.com](http://www.imcdgroup.com) as from 11 March 2015.

## About IMCD

IMCD is a market-leader in the sales, marketing and distribution of specialty chemicals and food ingredients. Its dedicated experts provide market-focused solutions to suppliers and customers across Europe, Africa, Asia-Pacific and Brazil, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD.AS), IMCD realised revenues of €1,358 million in 2014. In over 30 countries on 5 continents its dedicated team of more than 1,500 technical and commercial experts work in close partnership to tailor best in class solutions for around 28,000 customers and a diverse range of world class suppliers.

## Risk assessment

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 report. The annual report is available on [www.imcdgroup.com](http://www.imcdgroup.com).

## Disclaimer forward looking statements

This press release 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 press release to reflect subsequent events or circumstances, except as required by law.